



STATE OF MONTANA

CONSOLIDATED PLAN ANNUAL PERFORMANCE REPORT

APRIL 1, 2005 TO MARCH 31, 2006

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PART I - ANNUAL PERFORMANCE REPORT

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SECTION A - RESOURCES MADE AVAILABLE TO THE STATE

The following discussion separates federal and state funding sources and addresses components pertinent to individual program activities. This discussion does not include all programs that may be available. Information on additional programs may be found in the *Montana Housing Resource Directory*¹.

I.A.1 FEDERAL SOURCE - STATE ADMINISTRATION

Community Development Block Grant (CDBG) Program

The Community Development Block Grant program is a federally funded grant program designed to help communities with their greatest community development needs. The program was established by the Federal Housing and Community Development Act of 1974 (42 USC 5301) and is administered nationally by the U.S. Department of Housing and Urban Development (HUD). All projects must principally benefit low- and moderate-income families. The Business Resources and Community Development Divisions within the Montana Department of Commerce (MDOC) administer the CDBG program in Montana. For the plan year ended March 31, 2006, the state received \$7,626,300 in federal CDBG funds.

The CDBG Economic Development (CDBG-ED) Program functions within the Commerce Loan Fund, which is located in the Business Resources Division (BRD). The Commerce Loan Fund also operates an EDA Revolving Loan Fund (RLF), funded in 1990 with an \$880,000 grant from the federal Economic Development Administration (EDA). The EDA grant plus \$300,000 of matching CDBG-ED funds initially targeted a project under the EDA Sudden and Severe Economic Deterioration Area program. All payments from loans made through the EDA RLF are required to be made to the MDOC and cannot be retained by the local government. The total loan repayments to the MDOC capitalize a state EDA revolving loan fund. Once loan repayments reach \$100,000, funds are available for loans. The balance of available EDA funding for loans on March 31, 2006 was \$100,000.

Home Investment Partnerships (HOME) Program

Also funded by HUD, the HOME program provides grant funds to units of local government and community housing development organizations to own, sponsor, or develop affordable housing for low-income persons. The MDOC Housing Division administers the statewide HOME program. The purposes of this program include expanding the supply of affordable housing for low- and very low-income persons, improving the means for state and local governments to implement strategies to achieve

¹ *Montana Housing Resource Directory*, Montana Department of Commerce, January 2006;
http://housing.mt.gov/Hous_CP_HsgResDir.asp

adequate supplies of decent, affordable housing, and providing both financial and technical assistance to participants to develop model programs for affordable housing. Funds available in the plan year ended March 31, 2006 totaled \$4,594,104. Recaptured and carryover funds of \$24,482 were also available. In addition, \$164,842 of HOME's American Dream Downpayment Initiative (ADDI) funds were available, and all were distributed. HOME grantees, which are allowed to keep and expend program income on HOME-eligible activities, distributed \$156,725 in program income during the plan year.

Emergency Shelter Grant (ESG) Program

The Intergovernmental Human Services Bureau (IHSB) of the Montana Department of Public Health and Human Services (MDPHHS) administers the HUD-funded Emergency Shelter Grant program. The program received \$393,710 for the plan year ended 2006.

Created in 1986, ESG funds a broad range of eligible activities, including converting, renovating and rehabilitating facilities; operating facilities; delivering essential services; and preventing homelessness. ESG funding enables service providers to expand available emergency shelter capacity to broaden the range of services available to clients. ESG-funded entities may be either shelter or non-shelter providers.

The IHSB distributes the funds to the state's ten Human Resource Development Councils (HRDCs), which together cover virtually all of Montana (see map on page 55). The HRDCs use the funds to meet the needs of the homeless or those at risk of homelessness at the local level.

Workforce Investment Act (WIA) Program

At the direction of Governor Brian Schweitzer, the discretionary component of the federally funded Workforce Investment Act program was used to continue an MDOC program that provides grants to Montana businesses for incumbent worker training for existing and new employees. The Montana Department of Labor and Industry (MDOLI) provides federal grant funds to the MDOC, of which \$380,000 is available annually for business applications. Montana businesses apply directly to the MDOC to request WIA funds.

Housing Opportunities for Persons With AIDS (HOPWA)

HOPWA funds are used to support HUD's national goal of increasing the availability of decent, safe, and affordable housing "for meeting the housing needs of persons" with HIV/AIDS and their families. Grantees are encouraged to develop community-wide comprehensive strategies and to form partnerships with area nonprofit organizations to provide housing assistance and related services for eligible persons.

The MDPHHS administers the competitively funded HOPWA grant for Montana. Approximately \$722,764 was available in the state for HOPWA services in Montana for the three-year period beginning June 30, 2005. The funds were equally divided between

the Eastern Region (Billings) and the Western Region (Missoula) and were used for supportive services, sponsor administration, rental assistance, and/or short-term emergency assistance. The funding is Montana's share of a \$1,450,800, three-state (Montana, North Dakota, and South Dakota) HOPWA renewal grant. The funds were part of competitively awarded grants for housing assistance, access to services, and technical assistance. The funds were distributed primarily for new programs in rural areas that did not qualify for federal block grant funding for HOPWA.

The HOPWA renewal grant allows the Tri-state Housing Environments for Living Positively (TS HELP) to continue operating its program. This program is a continuum of housing and related supportive service opportunities for people living with HIV/AIDS and their families serving these three states. TS HELP is a partnership between MDPHHS and four private agencies: the Sioux Falls Housing and Redevelopment Commission in South Dakota, Region VII Community Action Program in North Dakota, and Missoula AIDS Council and Yellowstone AIDS Project in Montana (see map on page 56).

In addition, the MDPHHS applied for and received additional HOPWA competitive funding of \$1,429,307 in November 2005. The grant covers a three-year period beginning February 1, 2006. It provides for tenant-based rental assistance, emergency assistance, and case management services. These funds are designed to prevent homelessness in Montana, North and South Dakota.

Montana Department of Environmental Quality (MDEQ) Technical and Financial Assistance Program

The Montana Departments of Natural Resources and Conservation (MDNRC) and Environmental Quality co-administer Montana's Water Pollution Control State Revolving Fund (WPCSRF) and Drinking Water State Revolving Fund (DWSRF) Loan programs.

Water Pollution Control State Revolving Fund

The WPCSRF program is designed to combine federal grant money with state matching money to create a low interest loan program that funds community wastewater treatment projects. The U.S. Environmental Protection Agency (EPA) makes a grant of federal funds to the state. The state must match 20 percent of that grant. The state's share is derived from the sale of state general obligation bonds. MDNRC makes loans to public entities at an interest rate of 4 percent for up to 20 years.

Since the WPCSRF program started, the state of Montana has issued \$23,090,000 in general obligation bonds, and EPA has contributed more than \$114 million in grants. These state bonds and federal grants, together with nearly \$51 million in "recycled" (unpaid) loan funds, account for the \$187,958,747 program level. Seventeen (17) loans were closed in the 2005 construction season for a total of \$16,621,858. The program expects to make loans of nearly \$15 million in 2006.

Drinking Water State Revolving Fund Loans

The program provides funds for training, technical assistance, and issuing low interest loans to local governmental entities to finance drinking water facilities and implement the Safe Drinking Water Act. State enabling legislation was passed in 1995 and amended in 1997 after the U.S. Congress passed federal enabling legislation in August 1996. The MDNRC and MDEQ applied for the federal funds in January 1998.

The state has issued nearly \$14.8 million in general obligation bonds, EPA has obligated more than \$77 million, and \$12.5 million in recycled funds have been used to fund loans, for a program level of more than \$64,225,226. Loans totaling nearly \$5,519,622 million were closed in the 2005 construction season and the borrowing community increased one existing loan. No loans are made over the 4 percent interest rate. MDNRC projects that nearly \$32 million in drinking water loans will be made to communities in Montana in 2006.

U.S. Department of Energy (DOE) Energy Programs

The U.S. Department of Energy funds available for weatherization assistance totaled \$2,530,390 for the year ending in March 2006. These funds leveraged additional funds from the U.S. Department of Health and Human Services for the Low Income Energy Assistance Program (LIEAP), Northwestern Energy, Bonneville Power Administration, and Universal System Benefits/Montana Dakota Utilities (USB/MDU) funds. The total leveraged funds available for the year ending in 2006 were \$3,687,419. The MDPHHS Intergovernmental Human Services Bureau administers the program.

The weatherization program provides cost effective energy conservation measures for low-income households, and typically include heating system tune-ups, air infiltration reduction, and attic, wall and floor insulation. During the year ending in 2006, the program weatherized an estimated 1,145 homes in Montana, for a total energy savings of more than 42 billion BTUs.

Low Income Housing Tax Credit Program (LIHTC)

The low income housing tax credit is available under Section 42 of the Internal Revenue Code of 1986. The credit is a federal income tax credit for owners of qualifying rental housing meeting certain low-income occupancy and rent limitation requirements. The amount of tax credit that may be allocated annually for housing is limited to \$2.19 million per year plus a cost of living increase for Montana. The Montana Board of Housing (MBOH) is the state agency that administers the program and allocates tax credits for housing located in Montana.

Tenant Based Section 8 Housing (TBS8) Assistance Programs – Certificates, Rental Vouchers and Moderate Rehabilitation

Financed by HUD and administered by the MDOC Housing Division, Tenant Based Section 8 Housing Assistance Programs allow very low-income families to pay a set amount for rent and utilities, based on their gross adjusted income (currently 30 percent). Very low-income families have incomes of 50 percent or less of the HUD median family income for the county in which the family resides. HUD establishes income limits annually. The programs provide subsidy payments to property owners on behalf of program participants.

The TBS8 program, using 35 local field agents in eleven locations throughout the state, provides field services: issuing assistance documents, performing inspections, and examining annual income. The wait list to obtain a voucher is roughly 18 months with approximately 8,000 applicants. The Housing Choice Vouchers is the main program in TBS8, with a HUD baseline of 3,716 units, and an annual budget of \$15 million.

The Moderate Rehabilitation (Mod Rehab) program, with a budget of approximately \$2 million annually, is a project-based program containing 408 rental units. TBS8 subsidizes the rental units, provides a list of prospective tenants to owners, and inspects the rental units annually to insure continued compliance with HQS. Owners of substandard property in Montana rehabilitate the property to meet HUD housing quality standards (HQS) and receive subsidized rent for 15 years at a rate high enough to cover the debt service on rehabilitation loans.

Project Based Section 8 (PBS8)

The Montana Project Based Section 8 program performs as a HUD contractor for management and oversight activities for 100 contracts involving 4,269 affordable rental units. PBS8 conducts on-site management reviews annually for the entire contract portfolio. In addition, PBS8 approves and processes payment vouchers to property owners and agents.

For the fourth consecutive year, members of the PBS8 program received an "outstanding" evaluation from HUD. HUD commended PBS8 for its leadership in managing 4,000 affordable housing units for Montana's low- and moderate-income families.

I.A.2 FEDERAL SOURCE - LOCAL ADMINISTRATION

The following programs are available to local groups on a competitive basis (national or regional competition) by applying to HUD.

Shelter Plus Care

The Shelter Plus Care (SPC) program is a source of permanent housing with supportive services to homeless people with serious disabilities. HUD began awarding SPC funds in 1992 to state and local governments and public housing agencies as a way to assist a population that has been traditionally hard to reach. The program targets homeless people with disabilities such as severe mental illness, chronic substance abuse, dual diagnoses (co-occurring mental illness and substance abuse), and/or HIV/AIDS. The program allows for a variety of housing choices, and a range of supportive services funded by other sources, in response to the needs of the hard-to-reach homeless population with disabilities.

Funds for SPC are available on a competitive basis through the state's Continuum of Care process. Montana currently has 202 SPC vouchers statewide; 162 for individuals and 40 for families. Vouchers have been awarded to the PHAs in Missoula (93), Helena (28), Butte (8) and Billings (15), and the MDOC Housing Division (18).

Supportive Housing Program (SHP)

The Supportive Housing Program was authorized by the McKinney-Vento Homeless Assistance Act of 1987. It is designed to promote, as part of a local Continuum of Care strategy, the development of supportive housing and supportive services to assist homeless persons in the transition from homelessness and to enable them to live as independently as possible. SHP assistance is provided to help homeless persons meet three overall goals: achieve residential stability, increase skill levels and/or incomes, and obtain greater self-determination. Eligible applicants are states, units of local government, other governmental entities such as public housing authorities (PHAs), private nonprofits and community mental health centers.

Funds for supportive housing are available on a competitive basis through the state's Continuum of Care process.

HUD Housing Counseling Program

The Housing Counseling Program supports the delivery of a wide variety of housing counseling services to homebuyers, homeowners, low- to moderate-income renters, and the homeless to expand homeownership opportunities and improve access to affordable housing. HUD awards annual grants under this program through a competitive process. Organizations that apply for grants must be HUD-approved and are subject to biannual performance reviews to maintain their HUD-approved status.

HUD Rural Housing and Economic Development (RHED) Program

Rural nonprofit organizations, federally recognized Native American tribes, community development corporations, and state agencies are the eligible applicants for HUD's Rural Housing and Economic Development Program grants. The funding helps rural

communities to build and improve affordable housing, create jobs, and generate community and economic development.

Rural communities use this funding as seed money to pay the start-up costs for activities undertaken by new organizations or for specific housing or economic development projects undertaken by new or existing groups. The grants also help organizations hire and train staff, develop strategic plans, and acquire office space and other needed facilities.

RHED grants also help pay for acquiring land, constructing new housing, demolishing housing, improving infrastructure, and training construction workers. Other possible uses include providing homeownership and financial counseling and financial assistance to homeowners, businesses and developers; creating microenterprises and small business incubators; and establishing lines of credit or revolving loan pools to benefit the local business community.

HUD Public Housing Neighborhood Networks (NN) and Resident Opportunities and Self Sufficiency (ROSS) Programs

The Public Housing Neighborhood Networks funding program provides grants to public housing authorities to establish, expand and/or update community technology centers. Neighborhood Networks centers provide access to computers, computer training and the Internet and can also provide a wide range of services to help residents achieve long-term economic self-sufficiency. PHAs may use grant funds for:

- Hiring a project coordinator to manage and oversee center activities
- Internet connections
- Computer training
- Job training
- Purchasing computer equipment
- Physical improvements
- College preparatory classes
- Literacy training

The ROSS grant program provides funds for job training and supportive services to help residents of public housing transition from welfare to work. ROSS also provides funding to link elderly/disabled residents to critical services, which can help them, continue to live independently.

Fair Housing Initiative Program (FHIP) Grants

HUD's Fair Housing Initiatives Program grants go to public and private fair housing groups and state and local agencies across the country. The groups use the funds to investigate allegations of housing discrimination, educate the housing industry and public about housing discrimination laws, and work to promote fair housing.

- Under the Private Enforcement Initiative, 12- to 18-month grants of up to \$220,000 assist private, tax-exempt fair housing enforcement organizations in investigating

and enforcing alleged violations of the Fair Housing Act and substantially equivalent state and local fair housing laws.

- Education and Outreach Initiative grants of up to \$100,000 are allocated for one year to inform and educate the public about the rights and obligations under federal, state, and local fair housing laws. Some funds are specifically awarded to programs that have a special focus on the fair housing needs of persons with disabilities, so that housing providers, the general public, and persons with disabilities themselves better understand their rights and obligations.
- Fair Housing Organizations Initiative grants are awarded for three years for projects that serve rural and immigrant populations in areas where there currently is no existing fair housing organization or are otherwise underserved.

U.S. Department of Agriculture (USDA) Rural Development (RD) Program

The USDA Rural Development program funds several different housing programs for very low-, low-, and median-income borrowers, including Single Family Housing Direct Loans (502), Repair and Rehab Loans and Grants (504), Guaranteed Rural Housing Loans. Additionally, RD funds Multi-Family Housing Direct Loans and Guarantees, Rural Rental Assistance, Mutual Self-Help Grants, and Housing Preservation Grants.

I.A.3 STATE SOURCE - STATE ADMINISTRATION

Montana Department of Public Health and Human Services (MDPHHS) Energy Funds

The MDPHHS administers state general funds to help offset the high cost of energy in the state. In House Bill 332, the 2005 Legislature provided \$903,255 of state general fund money for the LIEAP and weatherization program, allowing the MDPHHS to extend the heating season through June 30, 2005. A total of \$136,753 of these funds were contracted to six tribes for heating assistance, and the balance was spent on heating assistance for low-income Montanans including those on the Crow reservation.

In House Bill 2, the 2005 Legislature provided the MDPHHS with an additional \$500,000 per year of state general funds to be used for the LIEAP and weatherization programs to help offset the high cost of energy in 2006 and 2007. In 2006, \$177,246 was spent for heating assistance for low income Montanans including those on the Crow reservation, \$235,000 was spent for weatherization under the Warm Hearts, Warm Homes program, and \$87,404 was contracted to six remaining tribes for heating assistance.

Montana Department of Natural Resources and Conservation (MDNRC) Renewable Resource Grant and Loan Program (RRGL)

The MDNRC administers the Renewable Resource Grant and Loan program. Financial assistance is available to local governments in the form of grants or loans. Funds are

used for grants up to \$100,000 and for securing loans for water and sewer projects. The level of funding for the RRGL program is projected to be \$4 million for each biennium.

Montana Board of Investments (MBOI) INTERCAP Revolving Loan Program

The INTERCAP Revolving Loan Program, offered by the Montana Board of Investments, provides loans to Montana local governments for a wide variety of purposes. Local governments may use the program to provide short- and long-term loans and bridge financing. For the plan year ended March 31, 2006, INTERCAP made \$18.9 million in loans to communities. To date, INTERCAP has made nearly \$18.9 million in loans to communities.

Montana Department of Commerce Treasure State Endowment Program (TSEP)

The Treasure State Endowment Program is a state funded grant program administered by the MDOC. The program was created to assist local governments with financing infrastructure projects in order to help solve serious health and safety problems and keep the cost of the projects at an affordable level. TSEP funds can be used for constructing or repairing drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and bridges. Any incorporated city or town, county, or consolidated local government; county or multi-county water, sewer or solid waste district; or tribal government is eligible to apply to the TSEP program.

Montana Department of Commerce Indian Country Economic Development (ICED)

Indian Country Economic Development funds from the MDOC have been available to tribal governments since October 1, 2005. The 59th Montana Legislature made funds available to support tribal business development projects, workforce training projects, entrepreneurial training, feasibility studies, and other types of economic development projects. A total of \$400,000 is available annually from the program.

Montana Department of Commerce Primary Sector Workforce Training Grant (WTG)

HB 270 transferred the administration of the WTG program, established during the 2003 legislative session, from the Governor's Office of Economic Opportunity to the MDOC. The Legislative Auditor recommended this reorganization in an audit of the Governor's Office of Economic Opportunity.

A total of \$1.4 million is available annually from the program. The program is designed to encourage the creation of good-paying jobs in primary sector businesses.

Montana Board of Housing (MBOH) Programs

The mission of MBOH is to alleviate the high cost of housing for low-income persons and families. The funds to operate the programs administered under the Housing Act of 1975 are generated through either the sale of tax-exempt bonds or administrative fees. MBOH programs fall primarily into two categories: homeownership programs and multifamily programs. An additional program assists the elderly. MBOH programs are often used in combination with HOME and CDBG funds, where the MBOH provides permanent financing or equity financing.

Homeownership Programs

Single Family Revenue Bond Program: The Single Family Bond Program began in 1977. Its purpose is to assist low- and moderate-income Montanans in purchasing homes in the state. The MBOH issues tax-exempt mortgage revenue bonds to provide below market rate funds either to purchase existing housing or to construct new housing. Primarily, this program is intended to be utilized by first-time homebuyers, however, in certain "targeted" areas, the borrowers do not need to be first-time buyers. Certain income requirements and house price restrictions must be met. Loan fund availability and mortgage rates vary with each new bond issue.

The MBOH works with approximately 280 lenders statewide to provide the mortgages and assists approximately 1,100 homebuyers per year.

Mortgage Credit Certificate (MCC) Program: The MCC Program, which began operation in April 2003, allows a qualified homebuyer to claim up to 20 percent of annual mortgage interest paid as a federal income tax credit. The remaining mortgage interest (80 percent) continues to qualify as an itemized deduction. The MCC may be used in conjunction with any conventional fixed or adjustable rate loan, FHA, VA or RD loans, or privately insured mortgage loans statewide including loans made in Indian Country, except a loan made through the MBOH bond program.

Set-aside Single Family Mortgage Program: The MBOH makes mortgage funds available through the recycling of mortgage prepayments and other funds held under prior bond issues of the Single Family Bond Program. The MBOH works in partnership with local nonprofit housing providers and local governments to develop programs to target specific housing needs within the local community. The MBOH provides the permanent, below market rate, 30-year mortgage financing. This is often coupled with federal grants or local funds to assist in making homeownership more affordable for lower income individuals and families. Applications are submitted through the MBOH's "Request for Proposal" process on a monthly basis.

Disabled Accessible Affordable Homeownership Program: In 1993, the MBOH initiated the Disabled Accessible Affordable Homeownership Program for persons with disabilities to acquire affordable, architecturally accessible homes. Qualifying for this program requires that an eligible homebuyer, spouse, child, or parent have a

permanent physical disability with a mobility impairment, meet income and family asset limits, and be a first-time homebuyer or have a home purchased prior to the disability that is no longer accessible to their needs. Interest rates vary depending on the buyer's annual income.

MyMontanaMortgage (MMM): This pilot program expands the range of borrowers that MBOH can serve by combining the MBOH lower set-aside mortgage interest rate with expanded underwriting available through Fannie Mae. The qualifications are similar to the Single Family Mortgage program and is targeted to four special groups: Native Americans; housing subsidy clients working with an authorized Section 8 homeownership program; households which have one or more household members with an ADA-defined disability (not limited to access-disabilities as in the Disabled Accessible Affordable Homeownership Program); and borrowers who work full-time in essential services that include employees (custodial and administrative staff and teachers) in public or private schools (from kindergarten through college level), police and firefighters, and certified, accredited or licensed health care workers (nurses, pharmacists, technicians, etc.).

Teachers' Program: This pilot program in Ravalli County with Farmers' State Bank links lower interest first mortgages using recycled bond funds with special down payment assistance second mortgages to help provide homeownership for first-time homebuyers who are teachers in Ravalli County schools. Borrowers who meet MBOH eligibility criteria and have incomes at or below 80 percent of median qualify for a first mortgage through the MBOH. The second mortgage fills the gap between the first mortgage and the cost of an eligible home. No payments are made on the second mortgage until the house is sold or refinanced, at which time the borrower pays off the second mortgage and a portion of the gain in equity in the home. This program is designed to help bridge the gap between incomes for teachers, and the high cost of housing in Ravalli County. Other areas of the state may have similar programs in the future and may include other essential workers such as police and firefighters.

Montana House™: MBOH is working in partnership with the Anaconda Job Corps to construct one-story, 2-bedroom, 1-bath homes with 960 square feet. Homes are completely assembled at the Job Corps, then moved and installed on a permanent foundation. These homes are available for purchase by individuals or families who meet the Single Family Mortgage Program criteria, but whose incomes do not exceed 80 percent of area median income for the county in which the house will be located. These homes are sold at cost, producing an affordable home. The additional costs of moving the house, purchasing the lot, constructing the foundation, floor coverings, appliances, and installing all utility hookups to the home are not included in the purchase price.

Multifamily Programs

MBOH issues tax-exempt bonds to finance the construction of new, and rehabilitation of existing, low-income, multi-family housing. The MBOH anticipates issuing bonds to finance projects that meet its requirements through the Multi-Family Risk Sharing program and General Obligation Bond program.

Risk Share Loan Program: The Risk Sharing program provides FHA mortgage insurance for the permanent financing of multi-family rental property through a partnership between MBOH and HUD. Through this program, the MBOH provides mortgage underwriting, loan management, and financing, and the two entities share the risk of loss from default. The MBOH received final approval to participate in the Risk Sharing Program with HUD in June 1994.

General Obligation (G.O.) Program: The G.O. bond program provides permanent mortgage financing for multi-family rental property. The program requires that the rental property owner agree to restrict the rents to a specific amount and to rent only to tenants below a maximum income level (generally 60 percent of median income). Currently this program is financing the permanent loans for projects receiving multiple sources of funding where rents on the projects are affordable to very low-income state residents.

Reverse Annuity Mortgage (RAM) Loan Program

The RAM program enables senior Montanans to benefit from an additional monthly income source by borrowing against the equity in their home. Eligibility is subject to certain age and income requirements. Currently a participant must be 68 years of age or older (some exceptions may apply). Loans of \$15,000 to \$150,000 are available at a 5 percent interest rate, based on 80 percent of the FHA determined property value. The loans do not require repayment as long as the homeowner remains in the home.

Affordable Housing Revolving Loan Fund

The Montana Legislature passed the Affordable Housing Revolving Loan Fund into law during the 1999 legislative session; however, funding was not provided at that time. The 2001 Legislature appropriated \$500,000 in Section 8 reserves and \$700,000 of Temporary Assistance to Needy Families (TANF) funds for the loan fund. A third source of funding is direct donations. The MBOH administers the fund, which can be used to provide financial assistance in the form of direct loans for the following purposes:

- Matching funds for public or private money available from other resources for the development of low-income and moderate-income housing;
- Bridge financing necessary to make a low-income or a moderate-income housing development feasible;

- Acquisition of existing housing for the purpose of preservation of or conversion to low-income or moderate-income housing; or
- Pre-construction technical assistance to eligible recipients in rural areas and small cities and towns.

Organizations eligible for loans from the revolving loan fund are local governments, tribal governments, local housing authorities, nonprofit community or neighborhood-based organizations, regional or statewide nonprofit housing assistance organizations, or for-profit housing developers. All interest and principal on loans from the funds must be repaid to the loan fund. The loans have a 30-year term.

I.A.4 METHOD OF FUND DISTRIBUTION TO LOCAL GOVERNMENTS AND OTHER ENTITIES

Community Development Block Grant

Fund distribution for the CDBG **Housing** and **Public Facilities** categories is based on annual competitions for each category. Eligible applicants are limited to general-purpose local governments: counties and incorporated towns and cities under 50,000 in population. The maximum grant request for each category was \$500,000. Grantees with open grants must significantly draw down their existing funds before they are eligible to apply for additional program funds from CDBG. Each local government may apply for one housing project and one public facility project each program year.

Of the \$7,626,300 the state received for **FFY 2005**, \$2,423,503 was allocated to the Business Resources Division (BRD) for economic development projects (see page 31). The Community Development Division (CDD) was allocated \$3,201,605 for public facility projects (see page 23) and \$1,438,403 for housing projects (see page 28). During the plan year, the CDBG programs also set aside a combined \$450,000 (\$225,000 for CDBG-ED and \$225,000 for CDBG Housing and Public Facilities) for technical assistance grants to local governments for planning related to housing, public facilities, and community development activities.

CDBG Housing and Public Facilities also allocated its **FFY 2006** funds during plan year 2005. Out of the \$6,886,683 the CDBG programs will receive for **FFY 2006**, the Community Development Division allocated \$2,580,267 for public facility projects and \$1,581,454 for housing projects.

Beginning with the FFY 2003 and 2004, the MDOC accelerated the funding cycle for CDBG housing and public facilities projects by one year. The objective of this one-time only event was to establish a long-term annual grant application cycle for future years that would provide for the ranking of both housing and neighborhood renewal and public facility applications in the calendar year before the actual receipt of the CDBG allocation that will fund those projects. This allows MDOC to award grants to communities immediately upon notification of that year's CDBG allocation. Grants are awarded in

order of the ranking scores assigned during the previous calendar year's grant competition, based on the amount of funds allocated to the housing and neighborhood renewal and public facilities project categories. This eliminates the lag time between the receipt of the state's CDBG allocation and the award of those funds.

The **FFY 2006 CDBG Public Facilities** category application deadline was May 27, 2005 (see page 19). The **FFY 2006 CDBG Housing** application deadline was November 4, 2005 for FFY 2006 funds (see page 27).

For **FFY 2005**, the applications for CDBG funding for **technical assistance** matching grants to prepare community plans and studies related to future housing and public facilities projects were due on April 22, 2005. Twenty-three (23) technical assistance grants totaling \$291,700 were awarded (see page 120).

The CDBG **Economic Development** program accepts applications on a continuous basis as long as funding is available for the current program year. Like CDBG Housing and Public Facilities, eligible applicants for CDBG-ED funds are limited to local governments (counties and incorporated towns and cities) except the cities of Billings, Great Falls, and Missoula, which receive entitlement funds. Eligible local governments were encouraged to submit applications for FFY 2005. The maximum grant request a local government could make was \$400,000 per community. Local governments typically use CDBG-ED funds to make loans to area businesses. The local government may re-lend loan repayments from the businesses if the local government demonstrates to the MDOC that it has the capacity to administer a local revolving loan fund (RLF), or that it will contract with a qualified local development organization to manage those loan payments. The local RLF can then re-lend funds to other community businesses.

In addition, for FFY 2005, \$225,000 was set aside for technical assistance activities. The CDBG-ED program entered a Memorandum of Agreement with the Small Business Development Center Bureau (SBDC) for its Montana Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Outreach Program, and the MicroBusiness Development Corporations (MBDC) program. Of the CDBG-ED technical assistance funds, \$61,000 was set aside for this activity. The SBIR/STTR and MBDC programs to provide outreach, counseling, training, and technical assistance to small businesses.

Of the remaining technical assistance funds set aside, \$164,000 was used for planning grants. Seventeen planning grant activities were funded for FFY 2005.

The Business Resources Division made nine loans and one training grant totaling \$3,162,768 during the program year. No funds were awarded from the EDA RLF, which had a balance of \$100,000 at the end of the program year.

Since the MDOC began administering the State CDBG Program in 1982, the annual budget set by Congress for the CDBG program has seldom varied up or down by more than about five percent. However, last year, the Bush Administration proposed

terminating the CDBG program for FFY 2006. Congress rejected the proposal and instead approved a 10 percent cut in the FFY 2006 budget. The President's FFY 2007 budget proposes an additional 25 percent funding cut.

HOME Program

FFY 2005 HOME Program funds were distributed primarily through a competitive grant application process with a deadline of March 4, 2005. Eligible applicants include general-purpose local governments (counties, incorporated cities and towns, and consolidated city-county governments), community housing development organizations (CHDOs) certified by the MDOC, and public housing authorities. The maximum request for a HOME project was \$500,000. CHDOs receive a minimum of 15 percent set-aside of each fiscal year allocation. Existing grantees are eligible to reapply for a HOME grant if they are in compliance with the current project implementation schedule, have no unresolved audit, monitoring or performance findings on any previous grants, and are 75 percent spent down on their prior grant awards.

Funds available from HUD in the plan year ended March 31, 2006 totaled \$4,758,946, including \$164,842 of ADDI funds. A portion of the ADDI funds, \$60,991, was allocated to the cities of Billings: \$23,078; Missoula: \$21,429; and Great Falls: \$16,484. Three CHDOs were allocated \$536,202 in funds, less than the required 15 percent (\$689,116) of the HOME allocation. The remaining 2005 CHDO obligation (\$152,914) will be met in the 2006 program year.

Emergency Shelter Grant Program

The 10 regional HRDCs (see map on page 55) receive 95 percent of the funds allocated under this program. Funds are distributed based on a formula allocation contained in ARM 53-10-502 pertaining to the federal Community Services Block Grant. This allocation reflects areas of poverty and general population.

Housing Opportunities for Persons With AIDS

The MDPHHS, in partnership with the states of South Dakota and North Dakota, was awarded \$1,309,501 in March 2002 for a three-year project to create the Tri-State Housing Environments for Living Positively (TS HELP). TS HELP is a partnership between MDPHHS, and four private agencies in North Dakota (Region VII Community Action Program); South Dakota (Sioux Falls Housing and Redevelopment Commission), and Montana (Missoula AIDS Council and Yellowstone AIDS Project). The funds were allocated among four regional private agencies in the three states. The MDPHHS provided overall administrative oversight for the project and contracted with Montana State University (MSU) to coordinate and evaluate the program.

In July 2005, the MDPHHS was awarded a HOPWA renewal grant of \$1,450,800 to continue operating the TS HELP program. This program is a continuum of housing and related supportive service opportunities for people living with HIV/AIDS and their

families in Montana and North and South Dakota, which do not qualify for direct HOPWA formula grant funding. The MDPHHS provides overall administrative oversight for the project, and MSU provides program coordination and evaluation.

The MDPHHS also applied for and received additional HOPWA competitive funding of \$1,429,307 in November 2005. The funds, for a three-year period beginning February 2006, will be used to provide 49 tenant-based rental assistance vouchers, emergency assistance for 30 households, and housing case management services for 158 persons each year. According to HUD, the funds are designed to prevent homelessness for 545 families in 15 states, including Montana and North and South Dakota.

Treasure State Endowment Program

The TSEP program provides grants for construction projects, preliminary engineering studies, and emergency projects. Matching grants for construction projects were limited to \$500,000 per applicant, but the program raised the limit to \$750,000 for the 2006 competition. Typically, a dollar for dollar match is required, but other grants can be used for match. Funding for construction projects is awarded through a competitive process held every other year, with applications due in May of the year preceding the legislative session. The 2005 Legislature reviewed 47 applications and awarded approximately \$16 million in grants to local governments to fund 40 construction projects. The program is projecting that approximately \$17 million will be available to award to applicants when the Legislature meets in 2007.

The program was appropriated \$600,000 for state fiscal years (SFY) 2006 and 2007 for grants for preliminary engineering studies. These grants are non-competitive and are awarded by the MDOC on a first-come first-served basis. All of the funds were awarded immediately after the appropriation was approved by the Legislature in 2005, and the MDOC funded 43 studies.

The 2005 Legislature also appropriated \$100,000 to the MDOC for state fiscal years 2006 and 2007 to provide grants for emergency projects that cannot wait for legislative approval. As of April 30, 2006, the MDOC had not awarded any emergency grants from the 2005 biennium appropriation.

Montana Department of Commerce Indian Country Economic Development

Governor Brian Schweitzer prepared and the Legislature approved an appropriation of \$500,000 for Indian economic development. The MDOC consulted the State Tribal Economic Development Commission (STEDC) to obtain its recommendation on how the funds should be invested in Indian Country. The MDOC then prepared a draft proposal, which the STEDC reviewed. The draft proposal included two initiatives:

- ♦ Applications would be invited from each reservation and the landless Little Shell Chippewa Tribe for economic development projects. The maximum grant award

would be set at \$50,000. Spread among the seven reservations and the Little Shell Chippewa Tribe, the total cost of this initiative would be \$400,000.

- ♦ The STEDC would provide recommendations to the MDOC for the remaining \$100,000 for statewide Indian economic development activities.

The STEDC approved the proposal with minor modifications. In October 2005, Governor Schweitzer mailed a letter and application guidelines to each tribal chair and members of the STEDC. After July 1, 2006, another \$50,000 is expected to be available to all the reservations and the Little Shell Chippewa Tribe.

Montana Department of Commerce Primary Sector Workforce Training Grant

The Workforce Training Grant program is target toward primary sector businesses that create at least 10 net, new jobs that pay the lower of the current county average wage or the current statewide average wage. Employees must work a minimum of 35 hours per week year round. The program is designed for businesses, including for-profit and nonprofit hospitals and medical centers, that are expanding and adding workers and provides the opportunity to train new workers in specific skill sets. The business' financial statements must support the business expansion. The MDOLI must approve the training curricula.

A total of \$1.3 million is available annually from the WTG program. The WTG grant application review committee adopted rules and guidelines for the program and approves applications for job training funds. The WTG program can fund up to \$5,000 in eligible training expenses for new workers, with a match of \$1 for \$3 of state funds. The MDOC is currently accepting applications for WTG funds from eligible businesses. The program's guidelines are available on the Web at:

www.mtfinanceonline.com/WorkForceGrnts.asp

Workforce Investment Act Program

The governor's discretionary component of the federally funded Workforce Investment Act program supports the WIA grant program for incumbent worker training for new and existing employees. The MDOLI has also provided federal grant funds to the MDOC, of which \$380,000 is available annually for business applications. The WIA program is targeted to business applicants and for-profit and nonprofit hospitals and medical centers. Private match of \$1 per each dollar of state funds is required. Projects require at least 20 new and existing eligible fulltime (at least 35 hours per week) positions. Financial statements and business plans must support the training. A phase-in training timetable is required, and employees must be paid a minimum of \$14.31, including wages and fringe benefits, when training is completed. An MDOC committee reviews and approves the applications. Businesses can apply directly to the MDOC. Guidelines are available on the Web at:

www.mtfinanceonline.com/WorkForceGrnts.asp

Montana Board of Housing Programs

The Single Family program is ongoing based on availability and market interest rates. The Multifamily Risk Sharing program accepts applications on a monthly basis. The Reverse Annuity Mortgage Loan Program for elderly persons is ongoing.

The MBOH allocates Low Income Tax Credits through its qualified allocation plan at two set deadlines per year. For-profit and nonprofit entities are eligible. Selection criteria include projects serving low-income tenants, projects located in distressed or hard-to-develop areas, projects meeting the areas housing needs and priorities, projects servicing tenant populations with special housing needs, and projects in areas with long waiting lists for assisted housing.

SECTION B – INVESTMENT OF AVAILABLE RESOURCES

I.B.1 FEDERAL SOURCE – STATE ADMINISTRATION

CDBG FFY 2006 Public Facilities Grant Awards

(Application Deadline: May 27, 2005)

Applicant: CITY OF DILLON

Type of Project: Sewer Extension Project to Thomsen Addition Area

CDBG Amount: \$ 500,000

Other Funds: \$ 35,000 City of Dillon Sewer Reserve
\$ 147,332 USDA RD: Rural Utilities Services (RUS) Grant & Loan Program

Project Total: \$ 682,332

Summary: When the Thomsen Addition area trailer lots were developed, there were as many as 12 trailers on one septic tank and one water well. In 2004, the city annexed the area and the county sanitarian reported there was a great potential for contamination of the wells and degradation of the groundwater in excess of state requirements because the existing septic systems were not adequately treating the effluent of these systems. The situation creates a serious health and safety concern for the residents, the groundwater of the community, adjacent irrigation ditches, and eventually local streams. In the summer of 2004, a new 12-inch diameter Noble Street/Oliver Lane sewer was installed with the intent of serving this area. This project proposes construction of an all-gravity collection system with gravity 4-inch services provided to each residence within the Thomsen Addition area and connections to the sewer system; a gravity 8-inch sewer main constructed down the avenues connecting to the existing Noble Street/Oliver Lane sewer and continuing north to the wastewater treatment facility; and to remove, pump, or fill the existing septic tanks.

Community Information

Population Served:..... 136

Number of Households: 70

Benefit to LMI Households: 86%

Number of Hookups: 70

Projected Combined Water & Wastewater Monthly Rate with CDBG: \$43.28/mo.

Variance from Target Rate:..... 131%

Applicant: TOWN OF SHERIDAN

Type of Project: Water System Improvements

CDBG Amount: \$ 500,000

Other Funds: \$ 500,000 Treasure State Endowment Program (TSEP)
\$ 100,000 DNRC/RRGL – grant
\$ 461,400 State Revolving Fund (SRF) - loan

Project Total: \$ 1,561,400

Summary: The Sheridan water system, built in 1915, provides service to 385 residents and 12 non-residents. The system consists of four operating water wells, the distribution system, transmission main, and two water storage reservoirs. Some deficiencies of the water system include: the inability to provide water services during peak demand and winter because of extreme water losses and loss of water storage, causing inadequate or a lack of fire protection; residents on the upper portion of the water system have experienced a complete loss of service, increasing the potential for backflows and contamination; the MDEQ submitted a PWS-6, "Source Water Protection Delineation" report which rated

the town's well field as "High Hazard" due to the entire water supply being susceptible to contamination with both wells being in the same location; the only alternate water source is Indian Creek springs, which is an unfiltered surface water source and use of this source is a violation of the Safe Drinking Water Act, which would result in a boil order. The proposed project would include: installing PVC pipe; replacing leaky, undersized water mains; providing new fire hydrants, gate valves and water services to improve pressures; doing preventive maintenance on the existing tanks; replacing the roof; installing service meters; and completing a test well to determine the feasibility of developing another water source to be located away from the existing well field.

Community Information:

Population Served:	659
Number of Households:	385
Benefit to LMI Households:	60.4%
Number of Hookups:	397
Projected Combined Water & Wastewater Monthly Rate with CDBG:	\$46.86/mo.
Variance from Target Rate:	129%

Applicant: **FLATHEAD COUNTY (on behalf of Ranch Water District)**

Type of Project: Water System Improvements

CDBG Amount: \$ 120,500

Other Funds:

\$ 500,000	Treasure State Endowment Program (TSEP) - Grant
\$ 100,000	Renewable Resource Grant & Loan (RRGL) - Grant
\$ 650,000	USDA Rural Development – Loan
\$ 10,000	Flathead County – Cash
\$ 9,000	INTERCAP - Loan

Project Total: **\$ 1,389,500**

Summary: With a water system originally installed in 1975, the Ranch Water District currently faces many MDEQ deficiencies with sample taps; finished water meter; source capacity; auxiliary power; minimum protection depths of wells; grouting requirements for wells; well discharge pipe monitoring and valving; chlorination feed and housing; no individual booster; storage tank protection, drains and overflow; distribution pressures; fire hydrants; and dead ends. The district proposes to replace the entire 30-year-old system with a new well, 150,000-gallon storage tank to accommodate domestic use and fire flow; a new pump house/chlorination facility, a new distribution network, fire hydrants and meters. CDBG funds will be used to pay special improvement district assessments for low- and moderate-income households.

Community Information:

Population Served:	30
Number of Households:	48
Benefit to LMI Households:	80.49%
Number of Hookups:	48
Projected Combined Water & Wastewater Monthly Rate with CDBG:	\$100.71/mo.
Variance from Target Rate:	208%

Applicant: **LAKE COUNTY (on behalf of Pablo/Lake County Water & Sewer District)**

Type of Project: Wastewater Treatment Facility Expansion

CDBG Amount: \$ 500,000

Other Funds:

\$ 100,000	Department of Natural Resources – RRGL
\$ 500,000	TSEP Grant
\$ 1,193,300	USDA Rural Development – Grant
\$ 887,200	USDA Rural Development - Loan

Project Total: **\$ 3,180,564**

Summary: The existing treatment system, completed in 2000, uses a two-celled aerated lagoon, operating in series followed by partial discharge to either of the two existing infiltration/percolation cells or to spray irrigation. The District and outlying area has experienced extensive growth, even though the last decade (1990-2000) census data projected only a four percent population growth per year. Several areas are not presently connected to the sewer utility. Tribal Housing plans to develop this area with 106 single-family housing units that will connect onto the wastewater collection system, exceeding the capacity of the existing wastewater treatment, storage and disposal system. Currently, the system is running at approximately 90% of capacity. This project would expand the existing wastewater treatment, storage, and spray irrigation facility to accommodate the community's 20-year anticipated population growth.

Community Information:

Population Served:.....	1,262
Number of Households:	352
Benefit to LMI Households:	82.4%
Number of Hookups:	651
Projected Combined Water & Wastewater Monthly Rate with CDBG:	\$59.16/mo.
Variance from Target Rate:.....	128%

Applicant: CITY OF CHINOOK (on behalf of the Sweet Memorial Nursing Home)

Type of Project: Nursing Home Improvements

CDBG Amount: \$ 394,337

Other Funds: \$ 131,446 Local Funds - Sweet Memorial Nursing Home

Project Total: \$ 525,783

Summary: Since opening in 1969, the Sweet Memorial Nursing Home, located on Highway 2 approximately one mile west of the city limits of Chinook, has had several remodeling projects. However, it continues to have many deficiencies: within the kitchen area, the large walk-in coolers and freezers are pulling away from the building; the concrete slab for the coolers has shifted; the dishwasher room is substandard; the gas kitchen stove does not have the proper fire suppression-type hood; counter space is inadequate and the counter top is worn. An indoor air quality investigation by Northern Industrial Hygiene reported that water from leaking pipes has caused elevated moisture content and allowed for the growth of mold in areas of the pipe tunnel and crawlspace and that air samples contained a toxic indoor mold. This project proposes construction of a 900 square foot addition, remodeling the kitchen area, and removal of asbestos and mold in the tunnel and crawlspace.

Community Information:

Population Served:.....	1,386
Number of Households:	657
Benefit to LMI Households:	83%

Applicant: TOWN OF SACO

Type of Project: Water System Improvements

CDBG Amount: \$ 375,000

Other Funds: \$ 230,000 USDA Rural Development - loan

\$ 210,750 USDA Rural Development – grant

\$ 125,000 Local funds

Project Total: \$ 940,750

Summary: The Town of Saco's original water system was installed around 1920. The distribution system was replaced in the 1960's with the exception of the in-town elevation storage tank that is still in operation. In 1986, through an earlier CDBG project, a new well was drilled 6 miles northwest of town, at which time an 8.4 mile 6" transmission line and a 100,000-gallon storage tank were installed. Since the town has been experiencing poor fire flows in some areas, an engineer was hired to evaluate the system

and the following deficiencies were found: the existing water supply well is the only source of water; the well does not have a standby source of power if there's a loss of electricity; and in the winter, the two tanks must be drained to avoid freezing due to low water consumption, creating inadequate low volumes and pressure for fire protection. This project proposes: adding a second well to the system for back-up; purchasing a standby portable generator; constructing a new 125,000 gallon elevated storage tank with corresponding telemetry controls; replacing distribution systems for both the north and south side; and installing meters to 13 mobile homes, and completing the metering of the Saco water system.

Community Information:

Population Served:.....	224
Number of Households:	109
Benefit to LMI Households:	57.2%
Number of Hookups:	161
Projected Combined Water & Wastewater Monthly Rate with CDBG:	\$40.76/mo.
Variance from Target Rate:.....	102%

Applicant: **MEAGHER COUNTY (on behalf of Martinsdale Water & Sewer District)**

Type of Project: Water System Improvements

CDBG Request: \$ 500,000

CDBG Amount \$ 378,430

Other Funds:

\$ 75,000	Charles M. Bair Family Trust (award notification received 4/28/05)
\$ 75,000	Charles M. Bair Family Trust (application to be submitted 3/1/06)
\$ 121,310	USDA/RD – Loan
\$ 148,000	USDA/RD– Grant
\$ 24,800	District – Local Cash

Project Total: **\$ 944,110**

Summary: The Martinsdale Water and Sewer District's existing water system consists of two spring sources (Johnson Spring and Galt Spring), 8,200 feet of 2.5-inch PVC piping connecting the spring sources to the existing 100,000-gallon steel storage tank, and transmission and distribution system piping. The majority of the current water system, constructed in about 1967, replaced a system of individual wells that had very poor water quality and were becoming contaminated by on-site septic systems. Some deficiencies include: undersized and dead-end water mains; inadequate fire hydrant placement; and the existing water storage tank has inadequate capacity to meet peak summer and fire-flow demands, is structurally damaged, lacks safe maintenance access equipment, and has no water level controls. Currently, there is only one groundwater spring source (Johnson Spring) to supply the system – the other spring source, the Galt Spring, has dried up; existing spring supplies are also susceptible to contamination from surface water during high runoff periods; the current system lacks disinfection capabilities; and the lack of a back up source of water violates the requirements of the MDEQ. This project proposes: development of an additional water source (Box Car Spring), improvements at Johnson Spring, and implementation of a source water protection plan; installation of new transmission line from Box Car Spring to the storage tank; construction of a new water disinfection facility; construction of a new 200,000-gallon storage tank; installation of water meters; and extension of electrical power to the tank site for control and disinfection equipment.

Community Information:

Population Served:.....	160
Number of Households:	66
Benefit to LMI Households:	71%
Number of Hookups:	76
Projected Combined Water & Wastewater Monthly Rate with CDBG:	\$30.41/mo.
Variance from Target Rate:.....	107%

CDBG FFY 2005 Public Facilities Grant Awards

(Application Deadline: May 25, 2004)

Applicant: CITY OF BOZEMAN (on behalf of Reach, Inc.)

Type of Project: Construction of New Work Center

CDBG Award: \$ 500,000

Other Funds:

\$ 451,185	First Security Bank – loan
\$ 275,000	Capital Campaign – (pledged or donated as of 5/17/04: \$256,554)
\$ 500,000	Expected from sale of existing facility (with commitment from First Security Bank for a bridge loan pending sale)
\$ 59,400	Reach reserves

Project Total: **\$ 1,785,585**

Summary: Reach, Inc. is a private, nonprofit organization established in 1974, serving and supporting adults with developmental disabilities in Bozeman and the surrounding area. Reach currently provides residential and vocational services to approximately 91 people and within the next 3–5 years will be asked to serve an additional 35-40 people with disabilities coming from the Bozeman-area high schools. To deal with its overcrowded facilities, Reach will build a new 13,290 square foot work center that would allow adequate space to serve the growing number of Bozeman area development disabled adults.

Community Information:

Population Served Currently:	91
Population Served Projected:	117
Number of Households:	117
Benefit to LMI Households:	96%

Applicant: TOWN OF CASCADE

Type of Project: Waste Water System Improvements

CDBG Award: \$ 500,000

Other Funds:

\$ 500,000	TSEP Grant
\$ 100,000	MDNRC RRGL Grant
\$ 178,000	Town Reserves
\$ 5,000	TSEP Preliminary Engineering Report

Project Total: **\$ 1,283,500**

Summary: The town's water distribution system, constructed in 1913, has frequent leakage problems that could increase the potential for backflow and contamination of the public water supply from outside sources as well as negative pressures and inadequate fire protection. Improvements would be done in several phases. The first phase would include replacement of old and undersized mains with new 10-inch, 8-inch, and 6-inch PVC; replacement of all 1913-vintage fire hydrants with new 6-inch hydrants; and construction of a core transmission line into town with a 10-inch main. Water storage improvements would include: construction of a new 273,000 gallon buried concrete storage reservoir; installation of new telemetry controls for the wells and water storage reservoirs; and purchase of a portable generator for emergency operation of the existing water wells.

Community Information:

Population Served:	819
Number of Households:	322
Benefit to LMI Households:	57%
Number of Hookups:	348

Applicant: TOWN OF DODSON

Type of Project: Waste Water System Improvements

CDBG Award: \$ 443,150

Other Funds:

\$ 427,500 TSEP Grant

\$ 100,000 MDNRC RRGL Grant

\$ 88,212 State Revolving Fund (SRF) Loan

Project Total: **\$ 1,058,862**

Summary: The town's central collection and treatment system, originally constructed in 1958, discharges to a lift station located south of town. The lift station pumps wastewater to the facultative lagoon via a 2,900 lineal foot, 6-inch diameter cement-asbestos force main. The treatment system consists of a single-cell facultative lagoon system with no disinfection and a direct discharge of treated effluent to Dodson Creek, which flows into the Milk River. Since 1994, the town has received over a dozen water quality violations. Their current discharge permit has a compliance schedule, which requires improvements at the lagoon site. Other deficiencies include a substandard existing lift station that is in poor condition; no alarm or backup power for the pumps; outdated controls and electrical/mechanical systems; and a major safety hazard concerning access to the dry well. This project would involve construction of a new lift station and replacement of the existing lagoon with a two-cell total retention wastewater treatment system.

Community Information: Population Served:122
Number of Households:.....57
Benefit to LMI Households: 53%
Number of Hookups:.....75

Applicant: CITY OF HAVRE (on behalf of District IV HRDC)

Type of Project: Construction of a New Head Start Facility

CDBG Funds \$ 500,000

Other Funds:

\$ 256,461 USDA Rural Development Community Facility Loan

\$ 1,700,000 Federal Appropriation Request-Grant

\$ 20,000 Burlington Northern/Santa Fe Foundation Grant

\$ 50,000 MDPHHS for Children & Families (AFDC) Grant

\$ 50,000 M.J. Murdock Foundation Grant

\$ 50,000 Allan Foundation Grant

Project Total: **\$ 2,626,461**

Summary: The District IV HRDC contracts with the U.S. Department of Health and Human Services Head Start Bureau to provide the Head Start program within Blaine, Hill, and Liberty counties. The HRDC currently serves 151 funded enrollment children, with 29 of these children coming from outside of Hill County. The Head Start facility, located in Havre, has a staff of 39 and 3 separate buildings, with the main building having three classrooms. In 2001, the Havre Public Schools changed its neighborhood schools to grade-level schools, including the Devlin School, where the HRDC had occupied two classrooms for Head Start. With these classrooms no longer available, the HRDC moved its Head Start activities into its current facility, which has several inadequacies: there are no sprinkler systems; the buildings do not comply with egress requirements; it is not fully handicapped accessible; it does not meet indoor air quality requirements; there is overcrowding; and it does not comply with federal Head Start performance standards of 35 square feet per child. The project proposes construction of a new 12,425 square foot building adjacent to HRDC's administration building.

Community Information: Population Served:9,621
Number of Households:.....4,015
Benefit to LMI Households: 90%

Applicant: HILL COUNTY (on behalf of Rudyard County Water & Sewer District)

Type of Project: Waste Water System Improvements

CDBG Award: \$ 344,400

Other Funds:
\$ 441,950 TSEP Grant
\$ 82,553 SRF Loan
\$ 15,000 Local Loan

Project Total: \$ 883,903

Summary: The Rudyard County Water and Sewer District was created in 2003 and replaced the Rudyard Improvement Association, which had been managing Rudyard's central sewer collection and treatment system. The current system was constructed in the 1950's and has over 18,000 feet of gravity collection main, with the majority of the mains being 6-inch diameter clay tile. Sewage is gravity-fed to the lagoon site, which has a lift station to pump the sewage into the four-cell total retention lagoon system. The gravity collection system is failing and the lift station is outdated. There is a serious health threat caused by 25-30 backups a year into private residences. The MDEQ inspection report indicates the need for lift station alarms, backup power or pumping ability, and stated concerns with the lift station being located in a depression. This project would replace approximately 61% (6,725 linear feet) of the existing 6-inch clay tile lines with PVC lines; install new manholes; replace the existing lift station with a new submersible package station; purchase a portable pump for emergency use; and install a new forcemain from the lift station to Treatment Cells #1 and #2.

Community Information: Population Served:275
Number of Households:.....126
Benefit to LMI Households: 52%
Number of Hookups:.....135

Applicant: CITY OF KALISPELL (on behalf of Northwest Montana Head Start)

Type of Project: Construction of New Head Start Facility

CDBG Award: \$ 500,000

Other Funds:
\$ 1,497,386 USDA Rural Development Loan
\$ 19,500 Northwest Montana Head Start Cash & In-Kind
\$ 3,700 City of Kalispell Cash & In-Kind

Project Total: \$ 2,020,586

Summary: Since 1969, the Northwest Montana Head Start, Inc. (NMHS) has provided the Flathead Valley and north Lincoln County with pre-school education services, family support services, health education and health services, mental health services, nutritional education and meals, and collaborated with local area education services in helping with special needs children. The program serves 234 children at five centers from these areas. The Kalispell facility became unsafe due to high levels of mold and was closed. The program moved into the Evergreen facility, which had inadequate space, minimal ADA accessibility, and unsafe classrooms in case of fire. NMHS proposes to build a new facility that would house the Kalispell/Evergreen Head Start operations and administration offices, provide complete ADA accessibility, and safe bus and parent pick-up and drop-off areas, allowing NMHS to implement the new full day, full-year day care program.

Community Information: Population Served-Flathead County:74,471
Number of Households-Flathead County:30,344
Number of Households-City of Kalispell:6,121
Benefit to LMI Households: 99%

Applicant: **TOWN OF ST. IGNATIUS**
Type of Project: Water System Improvements
CDBG Award: \$ 500,000
Other Funds:
\$ 50,000 St. Ignatius Cash Reserve
\$ 1,184,500 USDA Rural Development Loan
\$ 1,184,500 USDA Rural Development Grant
\$ 500,000 TSEP Grant
\$ 100,000 MDNRC RRGL Grant
\$ 400,000 Indian Heath Service Grant
Project Total: **\$ 3,919,000**

Summary: The town's wastewater treatment system is a single-cell facultative lagoon constructed in 1956, and for many years has been in violation of the system NPDES discharge permit limits and Tribal water quality standards. Due to the age, configuration, and size of the system, several deficiencies could present a direct threat to the public: the town is under an EPA compliance order to meet the discharge limit for coliform in the discharge effluent by October 1, 2004; discharge of inadequately treated wastewater effluent to the spring creek and groundwater (lagoon leakage and infiltration during winter months) has resulted in degradation of surface water and groundwater and ammonia toxicity in the receiving water. The project proposes construction of a non-discharging treatment, storage, and irrigation system on three sites, with land application to agricultural land. Each site would need the same amount of main line (17,500 feet) to transport wastewater from the proposed lift station at the existing lagoon site to the treatment/irrigation site. New lagoon cells would be lined, sealed manhole covers would be installed on the collection system manholes that are subject to inflow, and the school would be required to disconnect roof drains from the wastewater collection system.

Community Information: Population Served:532
Number of Households:213
Benefit to LMI Households: 66%
Number of Hookups:254

Applicant: **YELLOWSTONE COUNTY (on behalf of Custer Area/Yellowstone County Water & Sewer District)**
Type of Project: Waste Water Project
CDBG Award: \$ 500,000
Other Funds:
\$ 500,000 TSEP Grant
\$ 117,854 SRF Loan
\$ 125,000 Coal Board Grant
\$ 100,000 MDNRC RRGL Grant
\$ 14,343 TSEP PER Grant
\$ 12,579 District Matching Funds
Project Total: **\$ 883,903**

Summary: The Custer Area/Yellowstone County Water & Sewer District was established in 2003. The district's wastewater system was built in 1968 and consists of a gravity sewer collection system, a dry-well type lift station, and two facultative lagoons. In 1998, there was one emergency replacement of

approximately 400 feet of sewer lines. The district has concerns regarding public safety and health threats: the lagoons are leaking approximately 84% of the wastewater that enters; with a detention time of five days, untreated wastewater is directly entering the groundwater; there are large increases of flow during irrigation seasons, indicating inflow and infiltration; the 34-year-old lift station is a safety hazard due to corrosion of the manholes; there is a possibility of electrocution with electrical components, and there is no room for expansion in the dry well for a flow meter. Improvements to the project would include: building a new lift station; replacing one-third of the in-town clay tile pipe and the last 2,650 feet of pipeline from town to the lagoons with a force main; lining and restructuring the lagoon cells to include two facultative lagoons and infiltration/percolation ponds; and installing a force main in place of the gravity sewer to eliminate inflow and infiltration.

Community Information: Population Served:145
Number of Households:.....59
Benefit to LMI Households: 68%
Number of Hookups:.....67

CDBG FFY 2006 Housing Project Awards

(Application Deadline: November 4, 2005)

Applicant: CITY OF SHELBY
Type of Project: New Construction, Demolition, and Homebuyer's Assistance Program
CDBG Amount: \$ 480,000
Other Funds: \$ 61,250 Neighborhood Housing Services – Grant
\$ 750,000 Neighborhood Housing Services – Equity
\$ 33,900 City of Shelby
Project Total: **\$ 1,325,150**

Summary: This project would utilize CDBG funds for an in-fill housing project within the community of Shelby to acquire property, demolish vacant, dilapidated housing units, and extend infrastructure to blighted areas. With the financial commitment of Neighborhood Housing Services, Inc., 12 qualified low-to moderate-income families will receive homebuyer assistance to purchase new, single family dwellings or existing homes in Shelby. These families will receive homeownership education as well as down payment and closing costs assistance.

Applicant: MEAGHER COUNTY (on behalf of the Meagher County Senior Center)
Type of Project: Senior Citizens' Rental Housing – Castle Mountain Apartments
CDBG Amount: \$ 500,000
Other Funds: \$ 500,000 HOME Grant
\$ 290,000 USDA Rural Rental Housing 515 Program
\$ 22,160 Local Fundraising Efforts
\$ 12,990 In-kind Donated Time
Project Total: \$ 1,325,150

Summary: This Meagher County project proposes to construct a new senior rental housing complex, the Castle Mountain Apartments, to be owned and managed by the Meagher County Senior Center. This proposed project would build 10 affordable, accessible apartments for seniors in a proposed first phase of a larger project. The larger project envisioned after this first phase is one that hopes to see 20 apartment units built by the end of phase two (18 of the 20 units for persons with 31-50% of the area median income and 2 units for persons with 61-80% of the area median income). CDBG funds would be used to purchase land for the first 10 units and to build the first 10 rental units in conjunction with other funding

sources. The proposed apartment complex site includes enough space for a future third phase that could include an additional 10 units, for a total of 30 new senior apartment units. The project emerged from a Meagher County Housing Plan developed with CDBG Planning Grant funds. While projected population trends show minimal population growth over the next 20 years, they show a continual increase in persons over age 65 in Meagher County. The Housing Plan will be part of the County's Growth Plan soon to be adopted and is intended to link the needs of the county's aging population to the county's need for infrastructure enhancements, economic growth, and to respond to the need to maintain and create livable wage jobs for the county's workforce.

Applicant:	CITY OF MILES CITY
Type of Project:	Old Holy Rosary Hospital Housing Project
CDBG Amount:	\$ 500,000
Other Funds:	\$ 1,192,113 MBOH - LIHTC
	\$ 1,056,846 USDA/Rural Development
	\$ 500,000 HOME Grant
	\$ 25,000 FHLB
	\$ 10,000 CDBG Planning Grant
	\$ 26,000 Miles City Housing Authority
Project Total:	<u>\$ 3,309,959</u>

Summary: This project proposes the restoration and rehabilitation of the Old Holy Rosary Hospital, built in 1910. Its annex would serve 21 households through the 31-year period of affordability, addressing a shortage of decent, affordable housing, and the need to reclaim the site and revitalize the area. Extensive public support has been expressed within the community for affordable housing for low-income families. This four-story project would provide 3 1-bedroom units, 6 2-bedroom units, and 12 3-bedroom units.

CDBG FFY 2005 Housing Project Awards

(Application Deadline: November 19, 2004)

Applicant:	BUTTE-SILVER BOW COUNTY
Type of Project:	Neighborhood Revitalization – Central Butte Phase II
CDBG Amount:	\$ 500,000
Other Funds:	\$ 160,000 Butte-Silver Bow (BSB) County Lead Paint Program
	\$ 56,000 Human Resources Council District XII (HRDC XII)
	\$ 35,000 BSB Program Income
	\$ 10,000 BSB Trees
	\$ 4,000 BSB Demolition
	\$ 14,000 BSB Sod
Project Total:	<u>\$ 779,000</u>

Summary: Butte-Silver Bow County, in partnership with USDA Rural Development, Fannie Mae, the Butte Public Housing Authority, HRDC XII, Town Pump Corporation, MDNRC, and Headwaters RC&D, proposes to conduct a comprehensive neighborhood revitalization effort in the central Butte neighborhood of the 600, 700, and 800 blocks of Main Street. Phase II of this project would include: increased homeownership assistance, redevelopment of the existing neighborhood, rehabilitation of 14 substandard homes, and infrastructure improvements. Phase II grant assistance would also include energy efficiency measures, lead-based paint abatement, life safety and code improvements, exterior aesthetic improvements, and installation of period lighting along the three-block area.

Applicant: TOWN OF EKALAKA
Type of Project: Housing Rehabilitation and Demolition, Phase II
CDBG Amount: \$ 500,000
Other Funds: \$ 20,000 USDA Rural Development Housing Preservation Grant
Project Total: \$ 520,000

Summary: This project would provide for housing rehabilitation and blight removal. It would include rehabilitating 20 owner-occupied housing units and demolishing 10 dilapidated and vacant residential structures. All housing units would be located within the jurisdictional limits of the Town of Ekalaka.

Applicant: LEWIS & CLARK COUNTY (in partnership with Rocky Mountain Development Council, on behalf of the Friendship Center of Helena)
Type of Project: Emergency and Transitional Housing
CDBG Amount: \$ 500,000
Other Funds: \$ 500,000 HOME Grant
\$ 80,000 Federal Home Loan Bank
\$ 97,000 The Friendship Center
\$ 100,000 Sale of existing structure
\$ 27,000 Gardenwerks – landscaping and irrigation
\$ 60,000 Soroptimists – furnishings
\$ 341,899 Fundraising (remaining balance)
Project Total: \$ 1,705,899

Summary: Helena's Friendship Center currently offers safe emergency and transitional housing and support services for victims of domestic violence and their families. The Friendship Center is the only victim service program within the tri-county area of Lewis and Clark, Broadwater, and Jefferson counties. The center is located in two converted houses within the Sixth Ward district of Helena that are over 100 years old. These buildings are deteriorated, unsafe, overcrowded, lack privacy, are not handicapped accessible, and lack storage space. The demand for these emergency housing services has escalated 30% within a single year and the current facility does not have the capacity to meet this level of need. This project would construct a new facility that would accommodate office and therapy space, along with emergency and transitional housing units.

Applicant: CITY OF RONAN (in partnership with Ronan Public Housing Auth.)
Type of Project: Housing Rehabilitation, Weatherization, Energy Conservation, and Community Revitalization
CDBG Amount: \$ 500,000
Other Funds: \$ 29,000 NW MT Human Resources Energy Conservation Prog.
\$ 100,000 USDA Rural Housing 504 Loan (for low-income seniors)
\$ 75,000 USDA Rural Housing 504 Grant
\$ 40,500 Housing Loans - Ronan Housing Auth. Program Income
\$ 13,500 City of Ronan
Project Total: \$ 758,000

Summary: This project proposes to benefit low-income families and the Ronan community by: purchasing and rehabilitating three repossessed homes from USDA Rural Development for use as single-

family rentals; providing loans to low-income homeowners for weatherization and energy conservation improvements, energy-efficient heating, lead-based paint hazard evaluation and reduction, life-safety building code issues, or handicapped accessibility; and implementing community revitalization projects that would remove blight (through demolitions, property improvements, cleanup and painting), and improve parks and playgrounds with new, accessible play equipment.

Applicant: CITY OF STANFORD
Type of Project: Housing Rehabilitation
CDBG Amount: \$ 224,000
Other Funds:
\$ 19,500 Town of Stanford
\$ 4,000 Northwestern Energy/HRDC
\$ 10,000 Home Depot
\$ 20,000 Wells Fargo
\$ 5,000 Snowy Mountain Development Corp.
\$ 10,000 Community Venture
Project Total: **\$ 323,500**

Summary: This project would include rehabilitation of 10 owner-occupied homes, addressing basic housing/building code deficiencies, and energy efficiency. Demolition would involve the removal of 18 dilapidated, vacant residential structures to eliminate blight and make residential lots available for new housing units.

Applicant: CITY OF WHITEFISH
Type of Project: First-time Homebuyer Program
CDBG Amount: \$ 324,500
Other Funds:
\$ 1,040,000 MBOH Set-aside
\$ 500,000 USDA Rural Development Set-aside
\$ 190,000 Glacier Affordable Housing Foundation
\$ 67,000 Federal Home Loan Bank Affordable Housing Program
\$ 100,000 City of Whitefish
\$ 310,000 HOME Program Grant
Project Total: **\$ 2,531,500**

Summary: This project would provide down payment and closing cost assistance to 10 low- to moderate-income (LMI) first-time homebuyers purchasing homes within the city limits of Whitefish. The Whitefish Housing Authority and Whitefish Housing Development, Inc. (WHDI) would secure a minimum of 10 homes, through either purchase from developers or construction of homes on land owned by WHDI, making these homes available for qualified LMI first-time homebuyers. The City of Whitefish, Federal Home Loan Bank AHP Program, HOME, and Glacier Affordable Housing Foundation would provide down payment and closing cost subsidies that would be secured through no-interest, deferred payment loans identified in a single-resale, restrictive agreement and trust indenture. MBOH and USDA/RD would provide first mortgage financing. When the homes are sold or refinanced, the recaptured funds would be used to provide future affordable housing opportunities within the City of Whitefish.

CDBG FFY 2005 Economic Development Project Awards

(Open cycle)

Locality: YELLOWSTONE COUNTY

Name of Company: Link Communications, Inc

Project Location: Billings

Financing Date: 06/15/2005

CDBG Funds:

Grant Admin.	\$	26,500
Training Grant	\$	50,000
Activity Grant	\$	300,000

Other Funds:

	\$	100,000	Beartooth RC&D
	\$	352,000	Sale of Building
	\$	200,000	Capital Equip Leases

Total Project **\$ 652,000**

Job Creation: 12 New FTEs

LMI Jobs: 7 New FTEs

Use of CDBG Funds: Yellowstone County was awarded \$375,000 in economic development funds to assist Link Communications, an emergency services radio interoperability and repeater developer and manufacturer. The county, through Beartooth RC&D will make a loan of \$300,000 for working capital and use up to \$26,500 for county administrative expenses. Link Communications will create 12 fulltime positions, seven of which will be held by low- and moderate-income persons. A grant of up to \$50,000 will be made available to Link Communications for employee training. This is a business expansion project.

Locality: SANDERS COUNTY

Name of Company: Precision Woodworks, LLC

Project Location: Noxon

Financing Date: 06/15/05

CDBG Funds:

Grant Admin.	\$	17,600
Training Funds	\$	50,000
Debt Refinancing Loan	\$	170,000

Other Funds:

	\$	170,000	First State Bank
	\$	50,000	Equity

Total Project **\$ 457,600**

Job Creation: 8 Retained FTEs
6 New FTEs

LMI Jobs: 6 Retained FTEs
3 New FTEs

Use of CDBG Funds: Sanders County will make a loan to Precision Woodworks, Inc. for up to \$170,000 in CDBG-ED funds for debt refinancing. Up to \$50,000 in CDBG-ED funds will be used for employee training. Up to \$17,600 in CDBG-ED funds will be used by the county for administration of the MDOC contract. The Lake County Community Development Corporation/Western Rural Development Region Economic Development Revolving Loan Fund will manage payments from the CDBG-ED loan. New loans will be made on a regional basis. This is a business retention project. Precision will retain eight fulltime equivalent jobs, six of which are held by low- and moderate-income persons, and six FTE jobs will be created, four of which will be made available to or filled by low- and moderate-income persons.

Locality: MISSOULA COUNTY

Name of Company: Rocky Mountain Biologicals, Inc.

Project Location: City of Missoula

Financing Date: 06/15/2005

CDBG Funds:

Grant Admin.	\$	24,000
Loan	\$	276,000

Other Funds:

\$	780,000	Community Reinvestment Funds
\$	700,000	First Security Bank
\$	1,450,000	Equity Investment
\$	<u>150,000</u>	MAEDC IRP Loan

Total Project: **\$ 3,380,000**

Job Creation: 15 New FTEs

LMI Jobs: 10 New FTEs

Use of CDBG funds: The County will loan \$276,000 of CDBG-ED funds to Rocky Mountain Biologicals, a biotech production facility, for equipment purchases. Grant funds of \$24,000 are budgeted for administrative activities. Rocky Mountain has projected 15 fulltime equivalent jobs will be created, 10 of which will be made available to or filled by low- and moderate-income persons. Payments from the loan will be managed by the Missoula County Revolving Loan Fund. This is a business start-up project.

Locality: FLATHEAD COUNTY

Name of Company: Midway Rental and Power Equipment, Inc.

Project Location: Kalispell

Financing Date: 6/30/2005

CDBG Funds:

Grant Admin.	\$	29,600
Loan	\$	300,000
Training Grant	\$	70,000

Other Funds:

\$	2,787,000	Owner Equity
\$	<u>550,000</u>	Glacier Bank

Total Project: **\$ 3,736,600**

Job Creation: 18 New FTEs

LMI Jobs: 13 New FTEs

Use of CDBG Funds: Flathead County will loan \$300,000 of CDBG-ED funds to Midway Rental and Power Equipment, Inc., an equipment rental company, for equipment and machinery purchases. Up to \$70,000 in CDBG-ED funds will be granted for employee training. Midway has projected eighteen fulltime equivalent (FTE) jobs will be created, of which thirteen will be made available to or filled by low- and moderate-income persons. Up to \$29,600 will be used for administrative expenses. Payments from the loan will go to the revolving loan fund managed by Jobs Now, Inc. This is a business expansion project.

Locality: CITY OF POPLAR

Name of Company: A&S Diversified, Inc. and Fort Peck Tech Services, Inc.

Project Location: City of Poplar

Financing Date: 6/30/2005

CDBG Funds:

Grant Admin.	\$	8,000
Training Grant	\$	175,000

Other Funds: \$ 157,500 A&S Diversified
 \$ 17,500 Fort Peck Tech Services
Total Project: \$ 358,000
Job Creation: 35 New FTEs
LMI Jobs: 35 New FTEs

Use of CDBG Funds: The city, through Great Northern Development, will grant up to \$175,000 of CDBG-ED funds to A&S Diversified, Inc. a machining company, and Fort Peck Tech Services, Inc., a document conversion service, for employee training funds. The businesses have projected 35 fulltime equivalent jobs will be created, all of which will be made available to or filled by low- and moderate-income persons. This is a business expansion project.

Locality: CUSTER COUNTY
Name of Company: Montana Quality Meats
Project Location: Miles City
Financing Date: 6/30/2005
CDBG Funds:
 Grant Admin. \$ 10,400
 Loan \$ 130,000
Other Funds: \$ 138,400 First Interstate Bank
 \$ 34,600 Equity
Total Project: \$ 313,400
Job Creation: 1 New FTE
 14 Retained FTEs
LMI Jobs: 8 Retained FTEs

Use of CDBG Funds: Custer County, through the SouthEastern Montana Development Corp., will loan \$130,000 of CDBG-ED funds to Alan and Ruth Kuchynka to help purchase Montana Quality Meats, LLC, a meat processing and distribution plant located in Miles City. CDBG funds will be used for the purchase of accounts receivable, inventory, and equipment to help retain the business and existing employees. The borrower has projected one fulltime equivalent job will be created, and 14 jobs will be retained, at least eight of which are filled by low- and moderate-income persons.

Locality: PONDERA COUNTY
Name of Company: Intercontinental Truck Body
Project Location: Conrad
Financing Date: 9/8/2005
CDBG Funds:
 Grant Admin. \$ 6,000
 Loan \$ 394,000
Other Funds: \$ 400,000 MT Board of Investments
 \$ 1,124,773 Wells Fargo Bank
Total Project: \$ 1,924,773
Job Creation: 20 New FTEs
LMI Jobs: 20 New FTEs

Use of CDBG Funds: Pondera County, through Pondera County Port Authority, will loan \$394,000 of CDBG-ED funds to Intercontinental Truck Body (ITB), LLC for working capital. ITB was awarded an Air Force contract to build custom truck bodies. The borrower has projected 20 fulltime equivalent jobs will be created, at least 20 of which will be made available to or filled by low- and moderate-income persons.

Locality: ANACONDA - DEER LODGE COUNTY

Name of Company: BBMI, LLC

Project Location: Anaconda

Financing Date: 9/8/2005

CDBG Funds:

Grant Admin. \$ 19,800

Training Grant \$ 21,068

Loan \$ 220,000

Other Funds:

\$ 150,000 First National Bank

\$ 96,400 Owner Equity

\$ 15,000 ARCO

Total Project: **\$ 522,268**

Job Creation: 12 New FTEs

LMI Jobs: 7 New FTEs

Use of CDBG Funds: Anaconda-Deer Lodge County, through the Anaconda Local Development Corp., will loan \$220,000 of CDBG-ED funds to B&B Mechanical Insulation, LLC, for working capital to produce pipe shields. The borrower has projected 12 fulltime equivalent jobs will be created, at least seven of which will be made available to or filled by low- and moderate-income persons.

Locality: ROOSEVELT COUNTY/TOWN OF CULBERTSON

Name of Company: Sustainable Systems, LLC

Project Location: Culbertson

Financing Date: 9/8/05

CDBG Funds:

Grant Admin\$ \$ 40,000

Loan \$ 760,000

Other Funds: \$ 150,000 IRP Loan

\$ 50,000 GNDC

\$ 500,000 First Community Bank

\$ 60,000 Equity (source to be determined)

Total Project **\$ 1,560,000**

Job Creation: 31 New FTEs

LMI Jobs: 16 New FTEs

Use of CDBG funds: Roosevelt County and the Town of Culbertson will make a loan to Sustainable Systems, LLC through the Great Northern Development Corporation for working capital. Sustainable Systems will purchase Montola Growers in Culbertson. Sustainable expects to hire at least 31 persons through new positions and job turnover, at least 16 of which will be made available to or held by low- and moderate-income persons.

EDA/RLF Awards

No EDA/RLF awards were made during program year 2005.

HOME Program FFY 2005 Project Awards

(Application Deadline: March 4, 2005)

Applicant: ELKHORN AFFORDABLE HOUSING CORPORATION

HOME Request: \$ 333,333

Total Project Budget: \$ 3,065,600

Summary: GR8 HOPE Phase III proposes to provide down payment and closing cost assistance to at least 12 families at or below 80% area median income (AMI). Homeownership sites will be located in the greater Helena area including East Helena and the Helena valley.

Applicant: HUMAN RESOURCE COUNCIL DISTRICT XI (HRC XI)

HOME Request: \$ 183,667

Total Project Budget: \$ 464,854

Summary: HRC XI proposes to provide low-interest homeowner rehabilitation loans to 13-17 low-income homeowners in the HRC's three-county jurisdiction of Mineral, Missoula, and Ravalli counties. The terms and conditions of the loans would be tailored to the financial circumstances of the borrower including deferred payment loans.

Applicant: CITY OF KALISPELL

HOME Request: \$ 216,333

Total Project Budget: \$ 1,495,190

Summary: The City of Kalispell proposes to provide down payment and closing cost assistance to 7 low-income, first-time homebuyers, who will purchase homes within the city limits of Kalispell. The city will partner with Glacier Affordable Housing Foundation, which will secure the no-interest, deferred payment loans through a resale restrictive agreement.

Applicant: LAKE COUNTY

HOME Request: \$ 297,552

Total Project Budget: \$ 1,988,928

Summary: Lake County proposes to provide tenant-based rental assistance to an estimated 50 Lake County families over a two-year period and homebuyer assistance to 10 families with a deed restricted, no-interest second mortgage.

Applicant: LEWIS & CLARK COUNTY

HOME Request: \$ 500,000

Total Project Budget: \$ 1,718,000

Summary: Lewis & Clark County is sponsoring a HOME application on behalf of the Friendship Center in Helena for transitional and emergency housing for victims of sexual and domestic abuse. The proposed newly constructed facility would house as many as 12 families at any one time.

Applicant: CITY OF LEWISTOWN

HOME Request: \$ 293,333

Total Project Budget: \$ 1,319,500

The City of Lewistown Affordable Homebuyer Project proposes to provide needed funding to assist 17 to 20 low-income households with down payment and closing cost assistance. With Montana Board of Housing funds, the project will provide funds to finance the gap between increasing home purchase prices and the amount families can afford.

Applicant: MILES CITY HOUSING AUTHORITY (MCHA)

HOME Request: \$ 500,000

Total Project Budget: \$ 3,309,959

Summary: MCHA proposes to restore and rehabilitate the Old Holy Rosary Hospital. The 4-story 1910 former hospital building would be configured to provide 21 affordable residential units. The units would have one, two or three-bedrooms.

Applicant: NEIGHBORHOOD HOUSING SERVICES (NHS)

HOME Request: \$ 333,333

Total Project Budget: \$ 5,951,000

Summary: NHS of Great Falls proposes to continue its homebuyer assistance program to provide approximately 40 low-income, first-time homebuyers deferred mortgages to purchase affordable homes. Funds would be available throughout the state, except in entitlement cities or in other areas where a HOME grantee has homebuyer assistance funds available.

Applicant: RICHLAND COUNTY HOUSING AUTHORITY (RCHA)

HOME Request: \$ 500,000

Total Project Budget: \$ 1,080,000

Summary: RCHA proposes to preserve affordable housing in Sidney through the Lincoln Big Sky Project by acquiring and rehabilitating four apartment buildings with expiring Rural Development contracts. The properties are Big Sky and Lincoln 1, 2, and 3, which represent 48 units.

Applicant: TOWN OF STEVENSVILLE (on behalf of HRC XI)

HOME Request: \$ 434,640

Total Project Budget: \$ 1,687,970

Summary: The HRC XI proposes to purchase the Burnt Fork Manor, a 30-unit Rural Development elderly/disabled low-income rental housing project in Stevensville, in order to preserve it as affordable housing for very low-income elderly and disabled households. The HRC would also undertake significant rehabilitation.

Applicant: TOWN OF SUPERIOR (on behalf of HRC XI)

HOME Request: \$ 462,680

Total Project Budget: \$ 1,129,450

Summary: The HRC XI proposes to purchase the Eagle Apartments (8 units) and Riverside Apartments (16 units), two Rural Development Low-Income rental housing projects in Superior, in order to preserve them as affordable to very low-income families. The projects would also be significantly rehabilitated.

Applicant: WHITEFISH HOUSING AUTHORITY (WHA)

HOME Request: \$ 310,000

Total Project Budget: \$ 2,531,500

Summary: the WHA proposes to provide down payment and closing cost assistance to 10 low-income first-time homebuyers. WHA and Whitefish Housing Development, Inc. (WHDI) would secure a minimum of 10 homes, through either purchase from developers or construction of homes on land owned by WHDI. These homes would be made available for purchase by qualified low-income first-time homebuyers using an array of funding partners.

HOME Program FFY 2006 Project Awards

(Application Deadline: March 3, 2006)

Applicant: CITY OF HELENA

HOME Request \$ 500,000

HOME Award: \$ 217,296

Total Project Budget: \$ 5,521,500

Summary: The City of Helena submitted an application on behalf of Rocky Mountain Development Council for Eagles Manor III Residences. The new three-story facility, to be built adjacent to the recently renovated PenKay Eagles Manor in Helena, will provide 30 1-bedroom apartments for low-income seniors 62 years of age and older. All residents will have income at or below 50% of the area median income (AMI). All the units will be handicap adaptable and 15 units will be fully handicap accessible. Each unit will have washer/dryer hook-ups and full kitchen facilities, but congregate meal services will be available through the kitchen operations located in PenKay. Transportation services and a nursing station will be available onsite.

Applicant: NORTHWEST MONTANA HUMAN RESOURCES (NMHR)

HOME Request/Award: \$ 320,126

Total Project Budget: \$ 3,712,402

Summary: NMHR proposed a Mutual Self-Help program in Flathead County. The 24 Mutual Self-Help families will provide a minimum of 1,200 hours of labor under qualified supervision during the construction phase, accounting for approximately 65% of labor needed for construction. The program will target ten families with 31-50% of the area median income, seven families with 51-60% of AMI, and seven families with 60-80% of AMI. Their "sweat equity" generates their down payment, and no family moves in until all homes are completed. HOME funds will provide gap financing to these low- and very-low income families who require additional assistance to afford a home in this high-cost housing area.

Applicant: MISSOULA COUNTY

HOME Request/Award: \$ 215,205

Total Project Budget: \$ 909,980

Summary: Missoula County submitted an application on behalf of District XI Human Resource Council (HRC) for a lease-purchase program that will target five low-income (61-80% of AMI) American Indian families living in the greater Missoula area. HOME funds would be used to purchase five homes at varied locations in Missoula County, but outside Missoula's city limits. HRC will enter into a lease-purchase agreement with each family, and during the 3-year (max) lease period, HRC will provide homebuyer and credit counseling to assist each family in purchasing the home. The project is intended as a pilot,

designed to establish an expandable model lease/purchase approach to homebuyer assistance, which could be replicated in other areas of the state.

Applicant: MINERAL COUNTY

HOME Request/Award: \$ 250,910

Total Project Budget: \$ 953,642

Summary: Mineral County sponsored a grant application on behalf of District XI HRC to assist in financing a manufactured home cooperative for six low-income families in St. Regis. The program will target three families with 51-60% of AMI and three with 61-80% of AMI. The project will involve the development of six manufactured home sites, including carports and storage shed, to be owned by a nonprofit cooperative organization. The nonprofit would provide the home sites to the six families through a long-term affordable rate ground lease. Participants must be first-time homebuyers, and all manufactured homes must be on permanent foundations and meet current FHA building standards for newer manufactured housing. Participants also will be eligible for homebuyer assistance loans through HRC.

Applicant: MEAGHER COUNTY

HOME Request/Award: \$ 500,000

Total Project Budget: \$ 1,325,150

Summary: Meagher County sponsored a grant application on behalf of the Meagher County Senior Center for Phase 1 of the Castle Mountain Apartments in White Sulphur Springs. Phase 1 consists of 10 accessible apartment units to serve low-income seniors. The facility will have 20 accessible senior units once the second and final phase of the project is completed (18 units will serve persons with 31-50% of AMI and two units will serve persons with 61-80% of AMI). Castle Mountain Apartments is structured to provide an independent living arrangement for seniors not requiring assistance with daily living. Each unit will be equipped with full kitchen and laundry hook-ups. A community room and community outdoor area will provide public space for residents to gather.

Emergency Shelter Grant Program

ESG funds are distributed to HRDCs throughout Montana for supported shelters across the state as well as for direct services from HRDCs to ESG recipients. Actual funding received and funding used matched the funds anticipated.

The HRDCs utilize the funds to meet the needs of the homeless or those at risk of homelessness at the local level. Activities include: prevention of homelessness; assistance to shelters for the homeless and victims of domestic and sexual violence, youth homes, and food banks; support for essential services; financial assistance for case management; support for toll free telephone referral hotlines for domestic abuse and other homeless individuals and families; and referral to mainstream resources.

Agencies participate in essential service activities by working with other state, faith- and community-based organizations and through direct assistance for individuals and families. This is a limited amount of flexible funds that can be used to support direct service providers who together meet the locally defined needs of the homeless.

The following table presents the distribution of funds for each HRDC for May 1, 2005 through May 30, 2006:

EMERGENCY SHELTER GRANTS 05/01/2005 – 05/30/2006		
AGENCY	HUD FUNDING	SERVICES
Action for Eastern Montana – Glendive	\$ 37,636	Advocate and make referrals for and act as liaison between homeless individuals and social service agencies by coordinating emergency service efforts with local groups. Provide shelter rent, furnishings, utilities, insurance and maintenance for Matthew's House and the New Life Mission. Make one-time payments for utilities, rent, or deposit for families facing eviction/shut-off.
District IV HRDC – Havre	\$ 13,183	Provide essential services to the homeless including support groups, individual support, referral, advocacy, and transport. Pay maintenance, operation, administration, repairs, security, insurance, utilities, telephone and furnishings of the Haven, a shelter for women and children homeless as a result of domestic abuse.
Opportunities, Inc. - Great Falls	\$ 50,972	Advocate for, make referrals for, and act as liaison between homeless individuals and social service agencies by coordinating emergency service efforts with local groups. Provide shelter rent
District VI HRDC – Lewistown	\$ 10,409	Advocate for, make referrals for, and act as liaison between homeless individuals and social service agencies by coordinating emergency service efforts with local groups. Provide shelter rent
District VII HRDC – Billings	\$ 62,929	Advocate for, make referrals for, and act as liaison between homeless individuals and social service agencies by coordinating emergency service efforts with local groups. Provide shelter rent
Rocky Mountain Development Council – Helena	\$ 25,189	Advocate for, make referrals for, and act as liaison between homeless individuals and social service agencies by coordinating emergency service efforts with local groups. Provide shelter rent
District IX HRDC – Bozeman	\$ 32,951	Advocate for, make referrals for, and act as liaison between homeless individuals and social service agencies by coordinating emergency service efforts with local groups. Provide shelter rent
Northwest Montana Human Resources - Kalispell	\$ 55,580	Advocate for, make referrals for, and act as liaison between homeless individuals and social service agencies by coordinating emergency service efforts with local groups. Provide shelter rent
District XI HRC – Missoula	\$ 56,138	Advocate for, make referrals for, and act as liaison between homeless individuals and social service agencies by coordinating emergency service efforts with local groups. Provide shelter rent
District XII HRDC – Butte	\$ 29,038	Advocate for, make referrals for, and act as liaison between homeless individuals and social service agencies by coordinating emergency service efforts with local groups. Provide shelter rent
TOTAL	\$374,025	

Housing Opportunities for Persons With AIDS (HOPWA)

Although Tri-State HOPWA reports to HUD, a summary of its results is presented here as requested by HUD and for informational purposes. The Tri-State HELP programs for the two regions of Montana, Billings in the east and Missoula in the west, were awarded a combined total of approximately \$622,000 over the three-year period. This includes supportive services and sponsor administration and \$240,000 for rental assistance and

short-term emergency assistance. The grant provides tenant based rental assistance, emergency assistance, and housing coordination services to individuals living with HIV/AIDS in Montana through the management of the Yellowstone AIDS Project (YAP) in Billings and the Missoula AIDS Council (MAC).

Data collected by the YAP and the MAC housing coordinators is presented in the table below.

Montana Progress Report, through March 2006		
Total Clients Receiving Services:		68
Gender: Male:	51	Female:
Ethnicity: Non-Hispanic:	63	Hispanic:
Race: African/American:	4	Native American:
Recent Living Situation: Homeless:	0	Rental Housing
	Incarcerated	35
		3
Assistance Provided:		
Total # Receiving Short-Term/Emergency Assistance, including security deposits:		14
Total funds spent on Short-Term/Emergency Assistance		\$ 60,316
Total # Receiving Long-Term (<i>began with LT or moved to LT after being assisted with ST</i>):		21
Total funds spent on Long-Term Assistance		\$ 121,882
Total Funds Spent on Housing Assistance (<i>rental assistance & short-term emergency assistance</i>):		\$ 182,198

U.S. Department of Energy (DOE) and Other Energy Programs

In the plan year ended 2006, DOE and other funds were used for residential weatherization programs. The funding utilized for residential weatherization came from the following sources:

U.S. Department of Energy	\$ 2,530,390
U.S. Department of Health and Human Services (LIHEAP)	\$ 1,710,206
NorthWestern Energy	\$ 1,168,000
Bonneville Power Administration	\$ 477,119
USB/MDU ²	\$ 96,744
House Bill 2	\$ 365,350
Total	<u>\$ 6,217,809</u>

Weatherization activities consist primarily of attic, wall and floor insulation; furnace repairs and replacements; and infiltration reduction measures. Only measures demonstrating a savings to investment ratio of at least 1.8 (based on the use of a computerized energy audit) may be installed on eligible dwellings.

² Universal System Benefits/Montana Dakota Utilities

Additional funds used to directly assist eligible households with their fuel bills were as follows:

U.S. Department of Health and Human Services (LIHEAP)	\$ 8,471,563
Utility Company Low-Income Discount	\$ 3,520,403
House Bill 2	\$ 264,650
House Bill 332	\$ 903,255
Total	<u>\$13,159,871</u>

Low Income Housing Tax Credit (LIHTC) Program

Since the program's inception in Montana, nearly \$25 million in federal tax credits has been allocated for 4,675 units of rental housing. During the plan year ended March 31, 2006, the MBOH allocated \$2,580,359 in federal tax credits for 178 units of rental housing in six projects with total project costs of more than \$29 million.

City/Town	Project(s)	Total Project Costs
Miles City	Holy Rosary Hospital	\$ 3,998,376
Browning	Irvin Tract Rehab	\$ 5,665,513
Billings	Southern Lights	\$ 4,663,000
Missoula	Union Place II	\$ 5,660,025
Fort Belknap	Family Housing Rehab	\$ 3,832,622
Helena	Eagles Manor III	\$ 5,521,500
Big Fork	Crestview Apartments	\$ 2,696,343
TOTAL COSTS		\$32,027,379

I.B.2 FEDERAL SOURCE - LOCAL ADMINISTRATION

Supportive Housing Program and Shelter Plus Care

Funds for Supportive Housing and Shelter Plus Care are available on a competitive basis through the state's Continuum of Care process. During the last plan year, several proposals for new or renewed supportive housing were approved as outlined in the following table:

Montana Continuum of Care Homeless Assistance Awards - FFY 2005			
Applicant/Project Sponsor	Program	Awarded	Description
MT Dept of Commerce, Housing Division	SPC	\$ 478,200	18 <u>NEW</u> tenant based rental vouchers matched 1:1 with case management & supportive services for chronically homeless only, primarily in Billings, Great Falls & Kalispell.
Missoula County/YWCA of Missoula	SHPR	\$ 101,001	Transitional housing (22 units) (64%) case management, life skills, & supportive services. Serving 19 women with 23 children homeless due to domestic violence.

Montana Continuum of Care Homeless Assistance Awards - FFY 2005			
Applicant/Project Sponsor	Program	Awarded	Description
God's Love, Inc.	SHPR	\$ 150,470	Transitional housing (9-bdrm, 42 beds) (45%), case management & supportive services. Serving 22 families with 40 children & 3 single women, including 2 chronically homeless.
Mountain Home Montana	SHPR	\$ 76,798	Transitional housing (4 units) (20%) & supportive services. Serving 12 pregnant teens or young mothers with children.
Missoula County/Salvation Army	SHPR	\$ 61,579	Supportive services only. Provides coordinated entry point for Missoula homeless programs, including housing, needs assessments, case management & supportive services.
Samaritan House, Inc.	SHPR	\$ 63,000	Supportive services only for clients using 18 transitional housing units. Includes intensive case management & supportive services. Serving 12 families with 20 children & 45 individuals, including 24 chronically homeless.
Human Resources Council District XII	SHPR	\$ 90,958	Transitional housing (27 bdrms) (80%), case management, & supportive services. Serving 2 families with 4 children & 65 individuals, including 15 chronically homeless.
Poverello Center, Inc.	SHPR	\$ 37,467	Transitional Housing (9 bdrm/25 beds) (95%) & supportive services. Serving 25 families including 45 adults & 56 children.
Sanders County Coalition for Families	SHPR	\$ 56,964	Transitional housing (5 homes/13 beds) (65%) & supportive services. Serving 7 women with 12 children homeless due to domestic violence.
Supporters of Abuse Free Environment (S.A.F.E.), Inc.	SHPR	\$ 35,700	Transitional housing (11%) & supportive services. Serving 9 women with 13 children & 1 single woman homeless due to domestic violence.
Northwest Montana Human Resources, Inc.	SHPR	\$ 35,769	Transitional housing (16 units) (32%), intensive case management, & supportive services. Serving 20 families with 28 children & 14 individuals, including 4 chronically homeless.
District 7 Human Resources Development Council	SHPR	\$ 63,000	Supportive services only providing case management & supportive services for 103 families & 145 individuals, including about 45 chronically homeless.
District IV Human Resources Development Council	SHPR	\$ 16,800	Transitional housing (4 3-bdrm homes) (40%), case management & supportive services for families. Serving 6 families with 15 children.
MT Dept of Public Health & Human Services (HMIS)	SHPR	\$ 66,980	Implementation, operations & training for a Homeless Management Information System
Public Housing Authority of Butte	SPCR	\$ 83,844	12 tenant based rental vouchers matched 1:1 with case management & supportive services for seriously disabled. Housing 3 families & 13 individuals.

Montana Continuum of Care Homeless Assistance Awards - FFY 2005			
Applicant/Project Sponsor	Program	Awarded	Description
Helena Housing Authority	SPCR	\$ 153,552	28 tenant based rental vouchers matched 1:1 with case management & supportive services for seriously disabled. Housing 28 individuals, including 2 chronically homeless.
Missoula Housing Authority	SPCR	\$ 445,320	60 tenant based rental vouchers matched 1:1 with case management & supportive services for seriously disabled. Housing 5 families & 70 individuals, including 15 chronically homeless.
Total		\$2,017,402	
SPC – Shelter Plus Care; SPCR - Shelter Plus Care Renewal; SHPR – Supportive Housing Program Renewal; SHP – Supportive Housing Program			

HUD Housing Counseling Program

- District 7 Human Resources Development Council; Billings; \$50,000; comprehensive counseling. The HRDC is a multipurpose nonprofit organization with experience operating programs for the economically disadvantaged, low-income residents. It operates over 20 different programs in a five-county area that includes the state's largest city and about 20 percent of the state's population.
- Montana Board of Housing; Helena; \$149,138; comprehensive counseling. The MBOH is a state agency serving the unique housing needs of Montana's low- and moderate-income population. The MBOH has received HUD Housing Counseling grants for the past two years. The MBOH contracts with the Montana HomeOwnership Network to provide first-time homebuyer education and counseling, financial fitness classes, and foreclosure prevention counseling in all 56 of Montana counties through the 23 local partner organizations within the network.
- Women's Opportunity and Resource Development, Inc. (WORD); Missoula; \$61,545; comprehensive counseling. WORD was established in 1986 to develop innovative programming that would assist low-income people in achieving long-term economic self-sufficiency. It provides advocacy, direct services including housing counseling, and policy analysis throughout the state of Montana, with a primary emphasis in the city of Missoula. WORD's housing counseling program provides comprehensive housing counseling integrated with family support and community resource referrals, a collaborative approach that earned WORD a HUD Best Practices Achievement Award in 1999.

HUD Rural Housing and Economic Development Program

- Gateway Economic Development District; Helena; RHED Capacity Building grant; \$150,000. This award will be used to build capacity of the Gateway Economic Development District; to deliver economic development services; and to carry out the strategic plan for the Gateway Region by creating stable and higher paying

businesses that will increase income, lessen the need for people to hold multiple jobs, alleviate poverty, and stabilize the tax base.

- Lake County Community Development Corporation (LCCDC); Ronan; RHED Capacity Building grant; \$150,000. This award will be used to build capacity within the lead organization and at the local level in order to build job creation in an area of rising unemployment, and develop workforce training programs that will prepare underemployed and displaced workers for more highly skilled jobs. LCCDC is a nonprofit community development corporation serving the rural communities of Lake County. Partners include Mineral County OED, Kootenai River Development, Mineral County EDC, and Sanders County CDC.
- Browning Community Development Corporation; Browning; RHED Capacity Building grant; \$150,000. This award will be used to develop the organization and economics of the Blackfeet Reservation Community. The projects proposed include establishing a financial education coalition, providing financial education counseling and training, providing business information, mentoring, etc. BCDC has entered into community development partnerships with Three Rivers Communications, Glacier Electric, and Glacier County.
- Native American CDFI Coalition; Glasgow; RHED Capacity Building grant; \$150,000. This award will be used to increase member capacity to support innovative housing and economic develop activities in rural areas. The Native American CDFI Coalition was formed so that many of the new, emerging Native American CDFIs will have a self-directed source of information, technical assistance, and funding for their representative organizations.
- Hays Community Economic Development Corporation; Hays; RHED Capacity Building grant; \$150,000. This award will be used to build the capacity of the organization and the community by establishing a computerized accounting system identified for non-profits and establishing governing documents for the CEDC. Partners include the Boys and Girls Club, the Vocational Rehabilitation Program, Hays-Lodge Pole School, HOPA Mountain and Abaetern Academy, Fort Belknap Housing Resident Services Counselors, and others.
- Blackfeet Housing; Hays; RHED Innovative grant; \$400,000. This award will be used to develop strategies to improve the quality of life for the residents in Blackfeet Housing homes and projects on the Blackfeet Indian Reservation through community mobilization and partnerships. Partners include Blackfeet Community College, Blackfeet Juvenile Justice/Family Services, Blackfeet Manpower Program, and others.

HUD Public Housing Neighborhood Networks Program

The Housing Authority of Butte received \$150,000 for their Public Housing Neighborhood Networks Program.

Fair Housing Initiative Program Grant

HUD awarded grants to: the city of Billings Community Development, \$92,879; Montana Fair Housing, Inc., Missoula, \$220,000, to help reduce housing discrimination in Montana. The funding is part of more than \$18 million awarded nationwide to investigate allegations of housing discrimination, educate the public and housing industry about housing discrimination laws, and promote fair housing.

U.S. Department of Agriculture Rural Development Programs

In federal fiscal year 2005, USDA RD housing programs provided approximately \$80 million in loans, grants, and guarantees to assist Montanans in obtaining various forms of housing. The following table outlines the types of RHS loans and grants available.

MONTANA RHS OBLIGATIONS 9/30/2005 (FFY 2005)			
Program	Program Description	Number	\$ Amount
Rural Housing (RH)- Guarantee	Federal loan guarantees provided to lenders for single-family housing.	506	\$56,818,631
Section 502 Direct	Single family housing direct loan for very low- and low-income borrowers	183	\$16,045,318
Section 504 Loans and Grants	Repair loans and grants for very low-income borrowers	72	\$ 434,375
Housing Preservation Grants	Housing preservation grants made to entities for rehabilitation and repair	2	\$ 50,000
523 Mutual Self-Help Grants	Technical and management assistance oversight grant	5	\$ 954,681
515 Rural Rental Housing	Multi-family housing loans for low- and very low-income affordable housing projects	6	\$ 3,334,705
521 Rental Assistance	Rent subsidies for tenants	267 units	\$ 2,494,032
538 Multi-Family Housing (MFH) Guarantee	Federal Guarantee to lender for low- and moderate-income tenants	0	\$ 0
525 TMA Grant	Grant for an oversight organization to promote homebuyer education	1	\$ 100,000
509 Application Packing Grant	Grant for loan packaging services	5	\$ 2,500
TOTAL		1,047	\$ 80,234,242

I.B.3 STATE SOURCE - STATE ADMINISTRATION

Montana Department of Natural Resources and Conservation Renewable Resource Grant and Loan Program

The Renewable Resource Grant and Loan Program, administered by the MDNRC, provides financial assistance to local governments in the form of grants or loans. Funds are used for grants up to \$100,000 and to secure loans for water and sewer projects. The levels of funding for RRGL programs are \$4 million for each biennium.

The following table illustrates the Renewable Resource Grants monies approved in the past six legislative sessions.

RENEWABLE RESOURCE GRANT MONIES BY LEGISLATIVE SESSION				
	Authorized Amt	Contracted Amt	Amt Disbursed	Amt Released
2005 Legislature	\$ 4,600,000	\$ 3,434,000	\$ 418,182	
2003 Legislature	\$ 4,000,000	\$ 3,662,738	\$ 1,368,529	\$ 133
2001 Legislature	\$ 4,300,741	\$ 4,200,744	\$ 4,146,941	\$ 108,383
1999 Legislature	\$ 4,237,972	\$ 3,591,726	\$ 3,588,708	\$ 6,617
1997 Legislature	\$ 2,200,000	\$ 1,999,899	\$ 1,950,564	\$ 249,435
1995 Legislature	\$ 1,686,204	\$ 1,575,278	\$ 1,410,802	\$ 275,401

Montana Department of Commerce Treasure State Endowment Program

The following TSEP construction projects were awarded by the 2005 Legislature:

Name of Grant Recipient	Type of Project	TSEP Grant Amount
Beaverhead County	Bridge	\$ 84,886
Big Horn County	Bridge	\$ 142,500
Bigfork County Water & Sewer District	Wastewater	\$ 460,000
Carbon County	Bridge	\$ 97,100
Carter Chouteau County Water & Sewer District	Water	\$ 500,000
Cascade, Town of	Water	\$ 500,000
Choteau, City of	Water	\$ 500,000
Conrad, City of	Wastewater	\$ 500,000
Crow Tribe	Wastewater	\$ 500,000
Custer Area-Yellowstone County Water & Sewer District	Wastewater	\$ 500,000
Dodson, Town of	Wastewater	\$ 427,500
Ennis, Town of	Wastewater	\$ 204,894
Glacier County	Bridge	\$ 500,000
Glasgow, City of	Wastewater	\$ 500,000
Havre, City of	Water	\$ 500,000
Hill County	Bridge	\$ 450,750
Hysham, Town of	Water	\$ 462,359
Laurel, City of	Wastewater	\$ 500,000
Lewis & Clark County	Wastewater	\$ 288,757
Libby, City of	Wastewater	\$ 500,000
Madison County	Bridge	\$ 179,911
Malta, City of	Wastewater	\$ 500,000
Miles City, City of	Water	\$ 500,000
Mineral County	Bridge	\$ 80,090
Missoula County	Bridge	\$ 275,172
Powell County	Bridge	\$ 158,348
Ranch County Water District	Water	\$ 500,000
Richland County	Bridge	\$ 453,841
Rudyard County Water and Sewer District	Wastewater	\$ 524,503

Name of Grant Recipient	Type of Project	TSEP Grant Amount
Seeley Lake Sewer District	Wastewater	\$ 500,000
Sheridan, Town of	Water	\$ 500,000
Spring Meadows County Water District	Water	\$ 487,500
St. Ignatius, Town of	Wastewater	\$ 500,000
Stillwater County	Bridge	\$ 399,853
Sweet Grass County	Bridge	\$ 144,989
Upper-Lower River Road Water & Sewer District	Water & Wastewater	\$ 500,000
Valier, Town of	Wastewater	\$ 500,000
Whitefish, City of	Water	\$ 457,500
Woods Bay Homesites Lake County Water & Sewer District	Water	\$ 500,000
Yellowstone County	Bridge	\$ 187,800
		\$ 15,968,253

The following TSEP grants for Preliminary Engineering Studies were awarded for SFY 2006 and 2007 by the program:

Name of Grant Recipient	Project Type	TSEP Grant Amount
Alberton, Town of	Water	\$ 5,000
Bainville, Town of	Wastewater	\$ 15,000
Bigfork Water & Sewer District	Wastewater	\$ 15,000
Colstrip, Town of	Wastewater	\$ 15,000
Custer County	Bridge	\$ 9,250
Cut Bank, City of	Water	\$ 15,000
Darby, Town of	Water	\$ 15,000
Dutton, Town of	Wastewater	\$ 15,000
Elk Meadows Ranchettes	Water	\$ 15,000
Ennis, Town of	Storm water	\$ 15,000
Essex, Water & Sewer District	Water	\$ 15,000
Forsyth	Water	\$ 15,000
Fort Benton, City of	Storm water	\$ 15,000
Gallatin County	Wastewater	\$ 15,000
Gooden Keil County Water District	Water	\$ 15,000
Granite County	Solid Waste	\$ 6,000
Harlem, City of	Water	\$ 15,000
Jefferson County	Bridge	\$ 15,000
Jordan, Town of	Wastewater	\$ 15,000
Judith Basin County	Bridge	\$ 12,000
Lewis & Clark County - Craig	Wastewater	\$ 15,000
Lake County East Shore	Wastewater	\$ 15,000
Laurel, City of	Storm water	\$ 15,000
Lewistown, City of	Wastewater	\$ 15,000
Lockwood Water & Sewer District	Water	\$ 15,000
Loma County Water & Sewer District	Water	\$ 15,000
Madison County	Bridge	\$ 15,000
Manhattan, Town of	Water	\$ 10,000
Miles City, City of	Wastewater	\$ 15,000
Mineral County Saltese Water & Sewer District	Wastewater	\$ 13,500

Name of Grant Recipient	Project Type	TSEP Grant Amount
North Valley County Water & Sewer District, Inc	Water	\$ 11,000
Park County-Gardiner	Wastewater	\$ 15,000
Powell County	Bridge	\$ 15,000
Red Lodge, City of	Water	\$ 15,000
Saco, Town of	Wastewater	\$ 15,000
Seeley Lake Water District	Water	\$ 10,000
Sheridan, Town of	Wastewater	\$ 14,735
Stillwater County	Bridge	\$ 15,000
Sweet Grass County	Bridge	\$ 15,000
Three Forks, Town of	Wastewater	\$ 15,000
Tri-County Water District	Water	\$ 13,500
Whitehall, Town of	Wastewater	\$ 15,000
Wood's Bay, Water & Sewer District	Wastewater	\$ 15,000
Total Amount Awarded		\$ 599,985

Montana Department of Commerce Indian Country Economic Development

The MDOC has awarded ICED grants, which are leveraged with tribal funds. The grants are usually a small part of a larger tribal project that may have a significant impact on a tribe's economic growth and development.

- The Confederated Salish and Kootenai Tribes were awarded \$50,000 to support an equipment purchase at the tribally owned Flathead Stickers and Lath Plant. The new equipment will open a new source of raw product for Flathead Stickers. The equipment has both economic and workforce implications. The equipment will allow Flathead Stickers to make better use of forest slash piles and designated thinning blocks, reduce fire potential, salvage otherwise unsalvageable raw product, and offer tribal welfare recipients more diversified training opportunities.
- The Little Shell Chippewa Tribe was awarded \$50,000. The tribe, headquartered in Great Falls, does not have a reservation. The project will provide support for a feasibility study, grant writing for potential support, and the creation of a business plan for a tribal capital and visitor center. This project is part of the tribe's overall mission to represent, develop, protect, and advance the well-being of its tribal members.

Montana Department of Commerce Primary Sector Workforce Training Grant

During the plan year, the Workforce Training Grant Application Review Committee awarded WTG funds to PrintingForLess.com, Bacterin International, Inc., and Integrated Solutions.

- PrintingForLess.com, Livingston, was awarded \$125,000 to add and train 25 employees. PrintingForLess is an Internet printing business and has been called one of the fastest growing companies in the United States today. The company's training

curriculum is based upon high standard customer service and comprehensive software training that covers all customer software and real world printing knowledge.

- Bacterin International, Belgrade, was awarded \$255,000 to add and train 51 employees. Bacterin is adding a 35,000 square foot building to its existing space. Bacterin was established in 1997 as a spin-off from Montana State University–Bozeman. The company creates medical coatings, which reduce infection and speed healing, for a wide variety of medical uses.
- Integrated Solutions, Wolf Point, was awarded \$150,000 to add and train 30 employees. Integrated Solutions is new business wholly owned by the Fort Peck Tribes. The company tests software for a Microsoft affiliate. Current company training includes programming and software maintenance.

Montana Board of Housing

Single-Mortgage Bond Program

During the period April 1, 2005 through March 31, 2006, the MBOH provided 1,157 loans totaling \$124,555,939 to homeowners, with an average loan amount of \$107,654. The average income of the homeowners was \$35,860.

Mortgage Credit Certificate Program

For the year ended March 31, 2006, the MBOH provided Mortgage Credit Certificates to 22 homebuyers. The loans totaled \$2,808,095 for families with an average household income of \$44,500. The tax credits totaled \$561,619, averaging \$25,528 per homeowner. Since the inception of the program, \$1,160,603 in credit authority assisted 50 eligible homebuyers.

Disabled Accessible Affordable Homeownership Program

For the year March 31, 2006, the MBOH financed seven homes for \$643,693 to provide affordable, architecturally accessible homes for people with disabilities so they can live independently. The average income of program participants was \$21,319, and the average purchase price was \$91,956.

MyMontanaMortgage (MMM)

The MyMontanaMortgage pilot program was initiated in the fall of 2005. As of March 31, 2006, five loans had been purchased.

Teachers' Program

The pilot program in Ravalli for first-time homebuyer teachers has assisted two households with the purchase of homes.

Montana House™

Four Montana House™ homes have been completed since April 2005. Three of the homes have been located in Great Falls, two of which have been sold to qualified first-time homebuyers. The fourth house is scheduled to be moved onto the Blackfeet Reservation during the summer of 2006. The MBOH and the Blackfeet Tribal College are in the process of signing an agreement that would allow the college to produce Montana House™ units for use on the Blackfeet Reservation, providing needed housing units and training college students in construction skills. The Job Corps program in Darby, located in southwest corner of the state, is also interested in participating in the Montana House™ program.

Risk Sharing Program and General Obligation (GO) Bond Program

No new projects were funded during the plan year through the Multifamily Risk Sharing Program or the General Obligation Program. However, the MBOH voted on a resolution to participate in a conduit bond deal where the MBOH would issue 4 percent tax credits in conjunction with the bond financing. The MBOH's responsibility would be to monitor the project as it does any other tax credit project.

Reverse Annuity Mortgage (RAM) Loan Program

Twenty (20) reverse annuity mortgage loans closed during the plan year ended March 31, 2006, and 11 loans were in process. Through March 31, 2006, the program had assisted 120 senior households since it began taking applications. As of March 31, 2006, 51 loans were paid off.

Affordable Housing Revolving Loan Fund

During the period April 1, 2005 through March 31, 2006, 17 revolving loans, totaling \$119,100, were closed for the single-family assistance program. These loans, done in partnership with Neighborhood Housing Services and homeWORD, provide soft second and third mortgages to lower income households purchasing a home. The households must qualify under Temporary Assistance to Needy Families rules and must complete a first-time homebuyer training course.

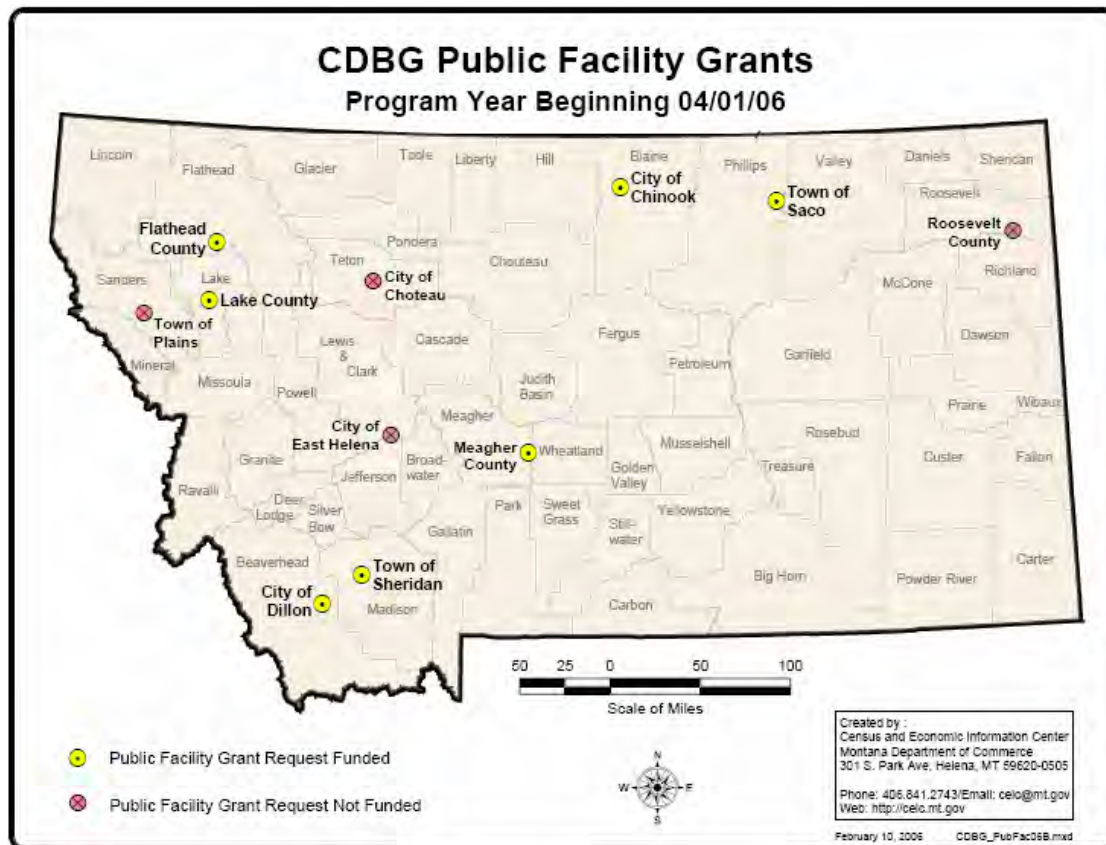
I.B.4 GEOGRAPHIC DISTRIBUTION AND LOCATION OF INVESTMENTS

Housing and community development needs vary widely across Montana. The extreme diversity in available housing, age of housing stock, and overall range in population density complicate the assessment of the type and degree of housing and community

development needs. MDOC programs are generally implemented on a statewide competitive basis. Entities receiving CDBG and HOME funds must have previous allocations substantially drawn down before they are eligible to apply for additional funds from these programs. This method has shown to disburse funds equitably throughout the state, allowing all groups an equal chance to apply for funds. Together, all funding methods, whether through a formula, as in the ESG grants, or competitive, as in CDBG and HOME grants, tend to be widely distributed throughout the state.

In order to view the geographic dispersion of the past year's funding activities for CDBG, HOME and TSEP, several geographic maps have been prepared. In addition, maps showing the service areas for other programs have been included.

Maps



CDBG Public Facility Grants Program Year Beginning 04/01/05



-  CDBG Public Facilities Grant Request Funded
-  CDBG Public Facilities Grant Request Not Funded

Created by:
Census and Economic Information Center
Montana Department of Commerce
301 S. Park Ave, Helena, MT 59620-0505
Phone: 406.841.2743/Email: ceic@mt.gov
Web: <http://ceic.mt.gov>

May 6, 2005 CDBG_PubFac05.mxd

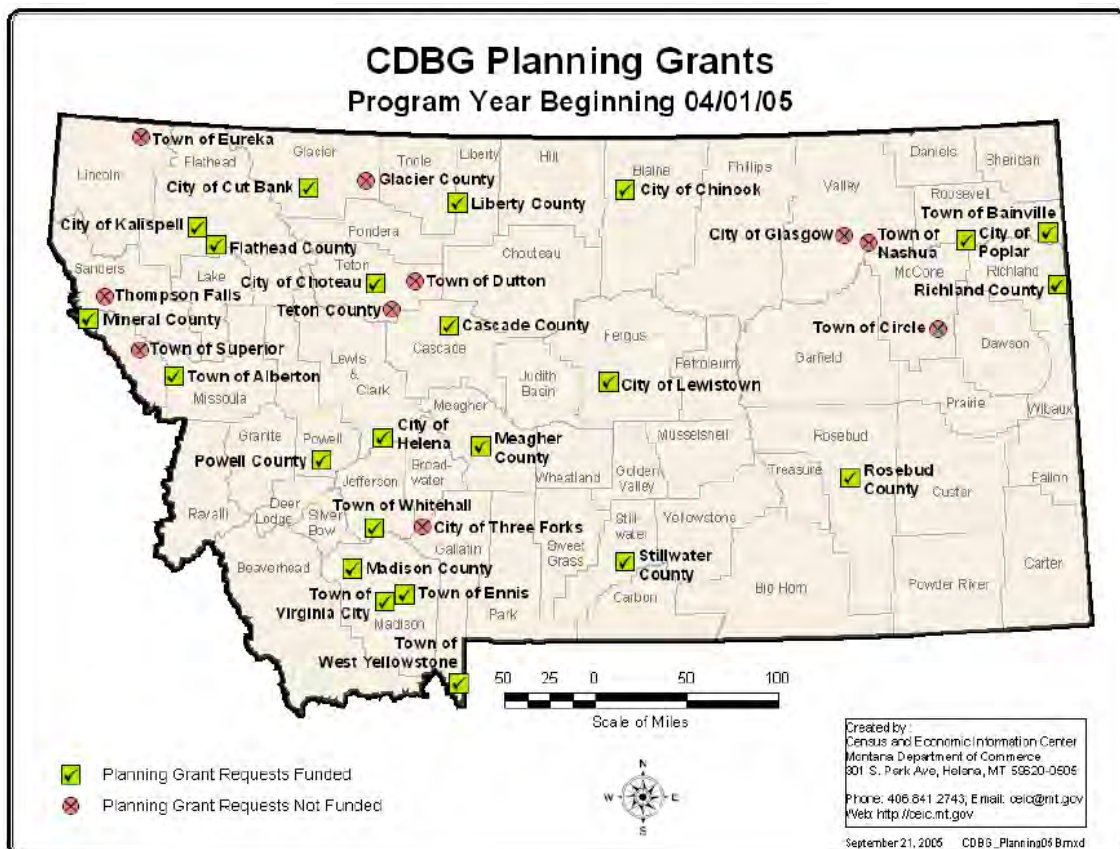
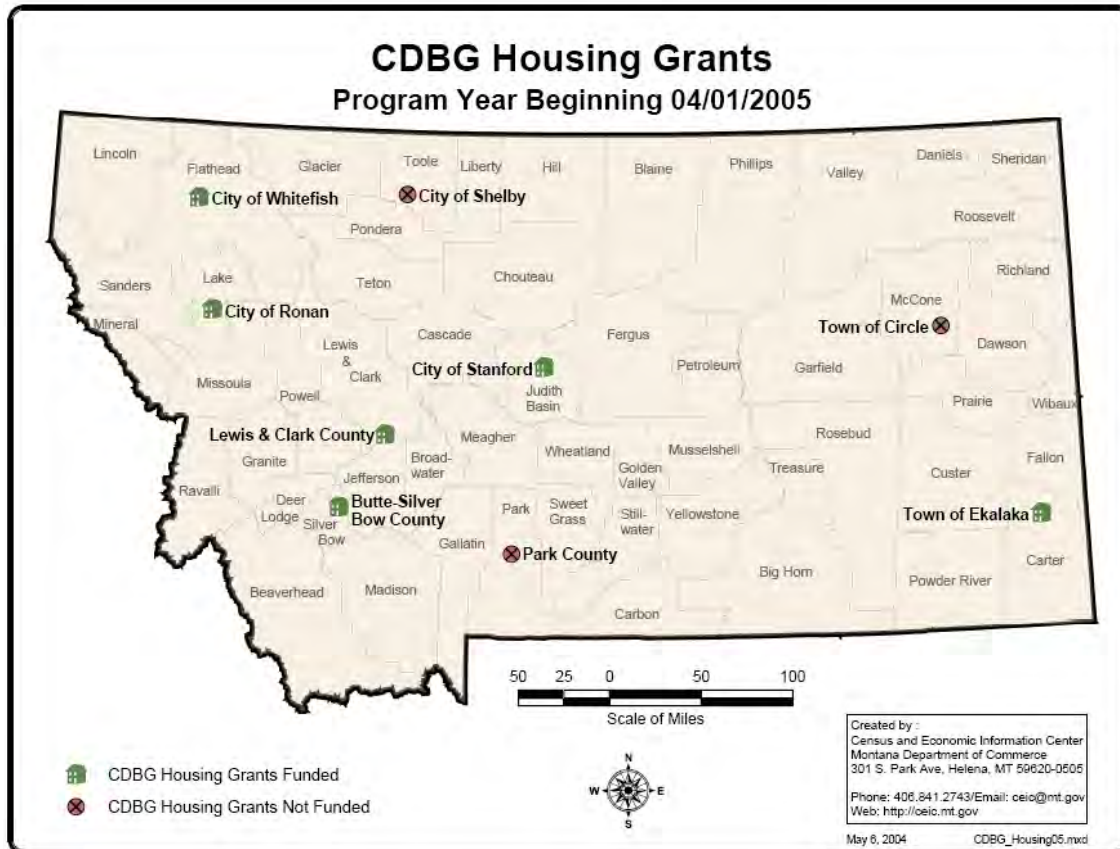
CDBG Housing Grants Program Year Beginning 04/01/2006

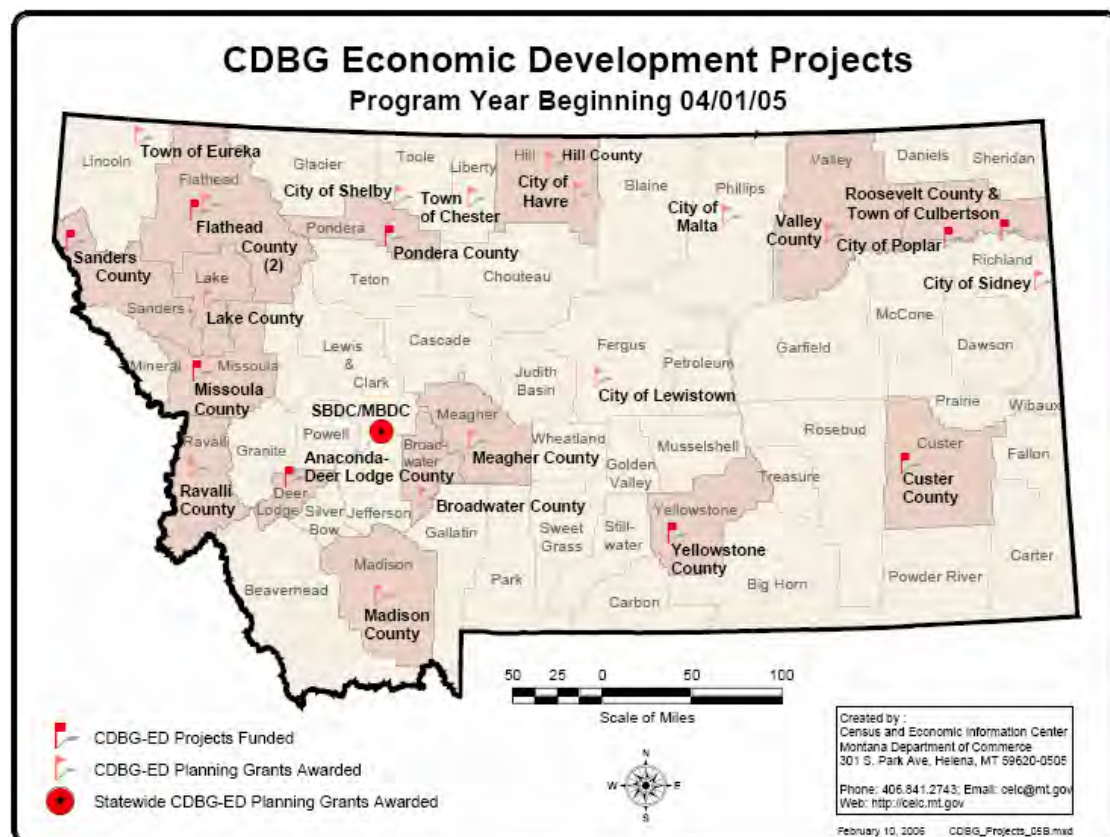
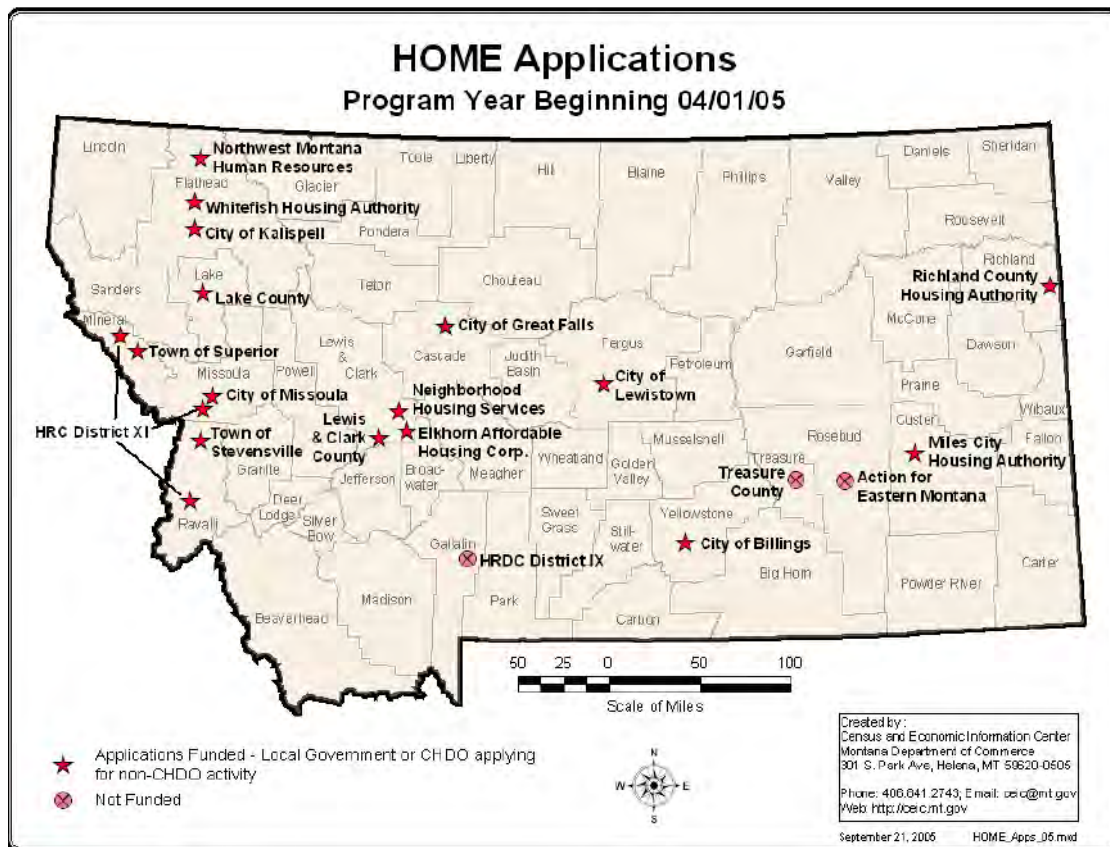


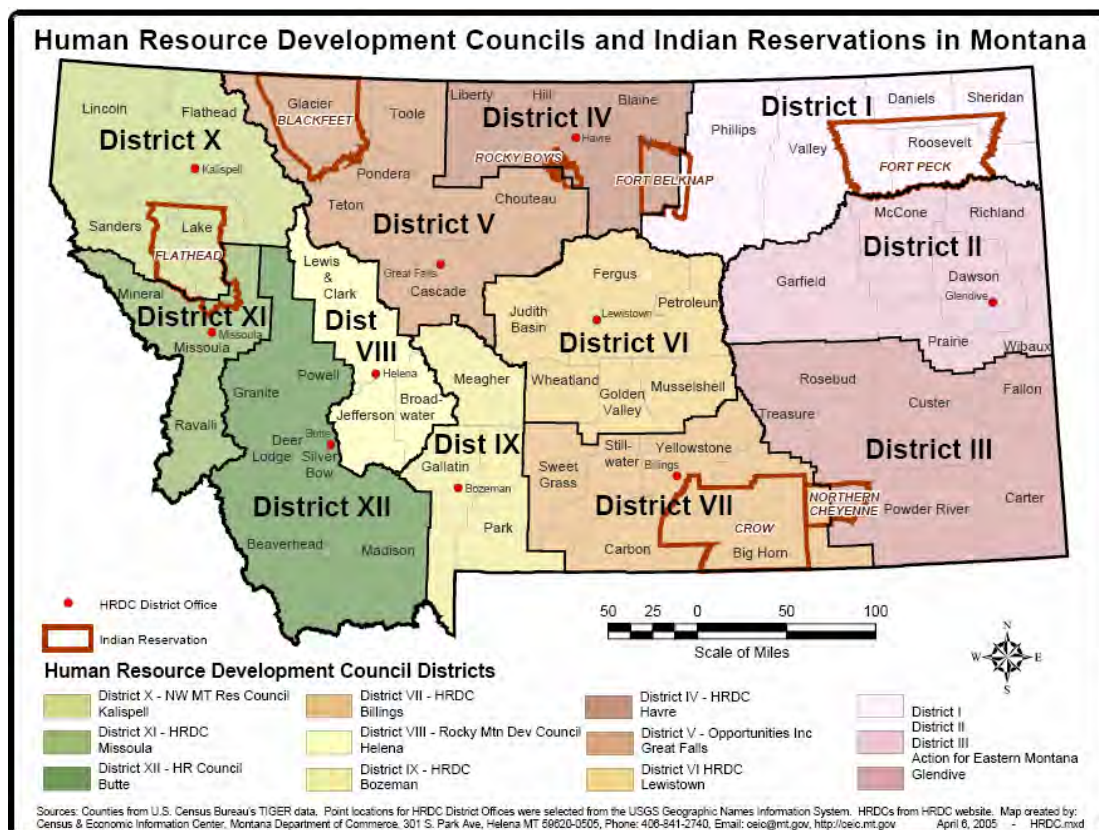
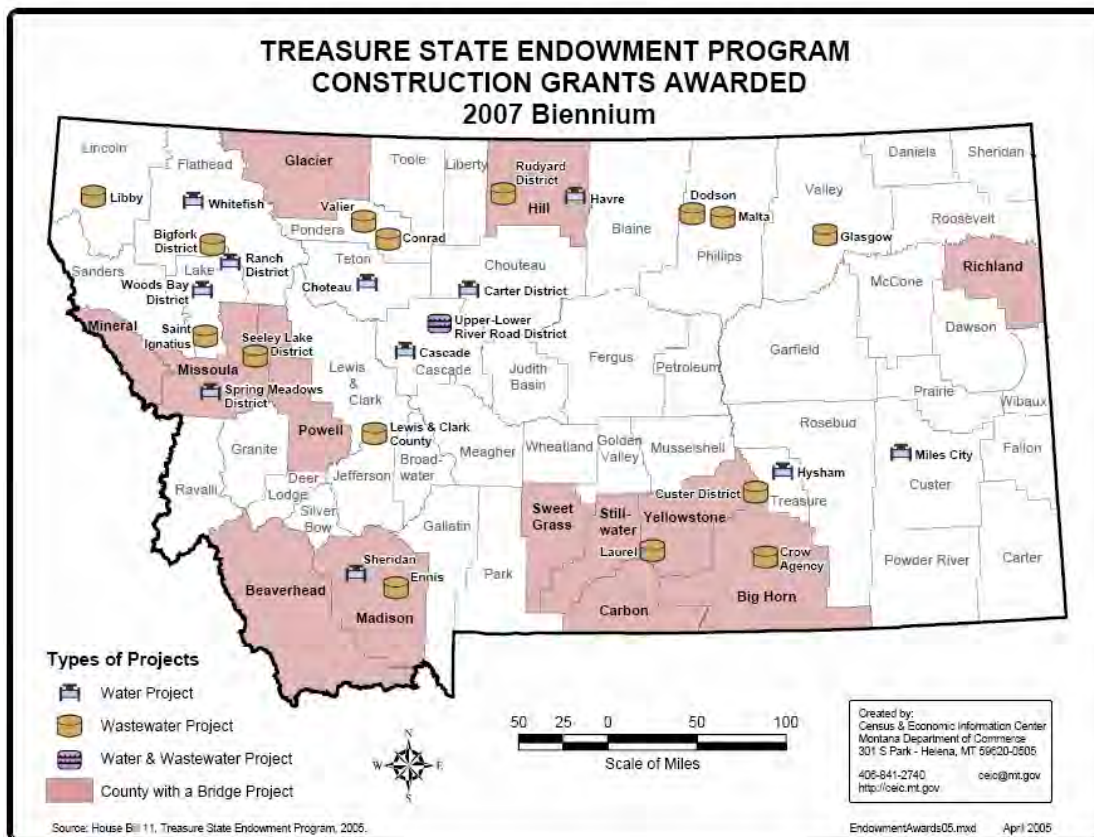
-  CDBG Housing Grants Funded
-  CDBG Housing Grants Not Funded

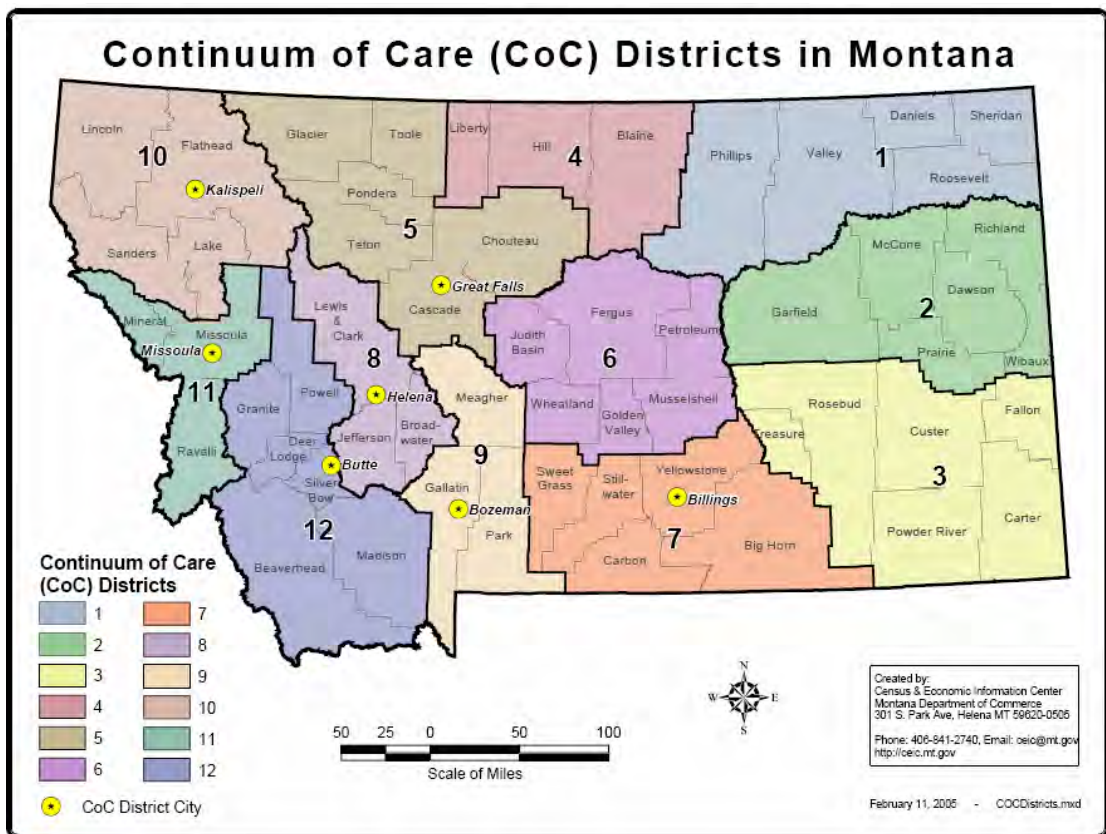
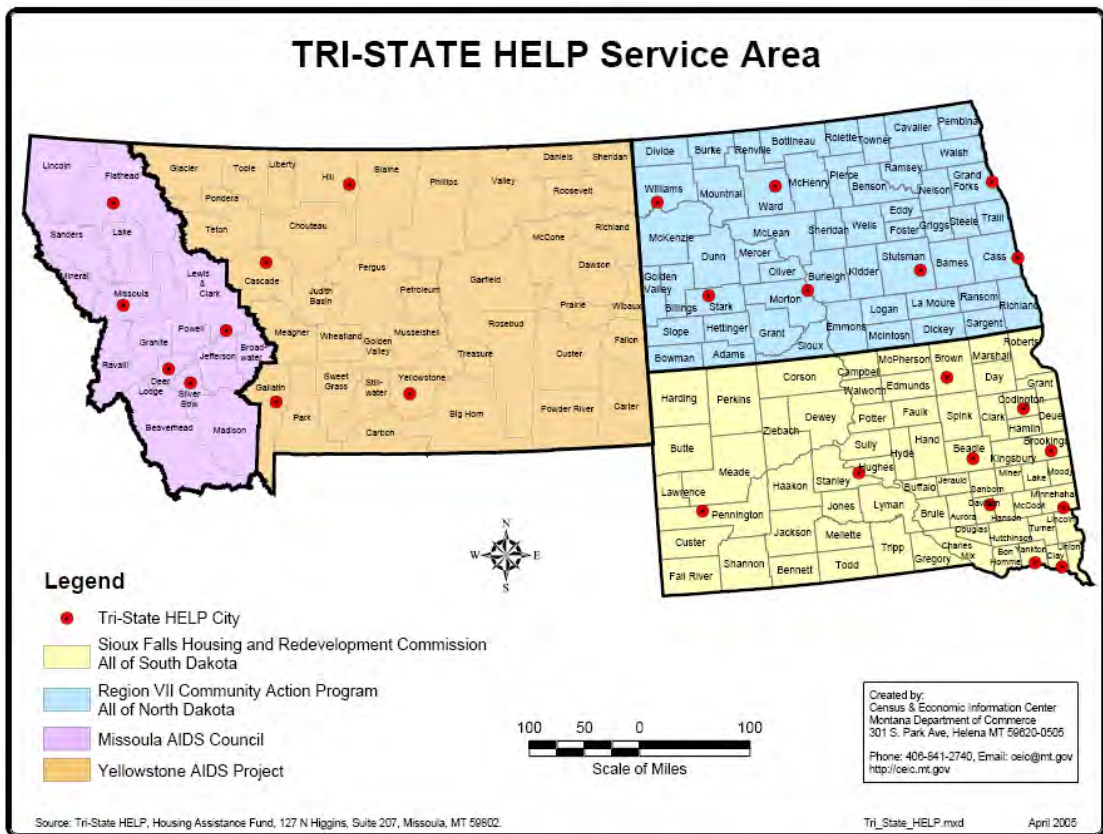
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Web: <http://ceic.commerce.state.mt.us>

May 21, 2005 CDBG_Housing05.mxd









I.B.5 PATTERN OF PLANNED VERSUS ACTUAL INVESTMENT

The CDBG-ED Program received applications on an open-cycle basis. The applications were reviewed and approved by a loan review committee, with local governments that received grant assistance and assisted businesses following contractual requirements as agreed upon by the MDOC.

The HOME and CDBG programs were carried out in accordance with each program's respective competitive application processes.

HUD allocates ADDI funds to HOME participating jurisdictions (PJs) based on the percent of low-income renters relative to the nation as a whole. Small PJs (such as the three Montana cities: Billings, Great Falls, and Missoula), do not receive ADDI funds directly from HUD. Instead, those cities' statistics factor into a state's allocation. Therefore, MDOC distributed a portion of ADDI funds to Billings, Great Falls, and Missoula based on the number of low-income renters relative to the rest of the state. This distribution was done outside of the normal, competitive allocation process, as outlined in the *Montana HOME Investment Partnerships Program (HOME) Application Guidelines Fiscal Year 2005*. The remaining ADDI funds were distributed throughout the state as part of the normal allocation process.

I.B.6 LIHTC ALLOCATION AND THE PROVISION OF HOUSING

The LIHTC program was carried out in accordance with the 2006 MBOH Qualified Allocation Plan (QAP), approved by the MBOH on August 25, 2005 and by Governor Brian Schweitzer on September 19, 2005.

I.B.7 LEVERAGING AND MATCHING FUNDS

The **CDBG Economic Development** program is a major player in economic development financing in Montana. The measures of success for the program are the number of jobs created, the leveraging of other funding to complete project financing, and amounts repaid to local revolving loan funds. Economic development projects have leveraged U.S. Small Business Administration (SBA) programs such as the SBA 7A and 504 programs, Economic Development Administration local revolving loan funds, and the USDA Rural Development Intermediary Relending Program (IRP). Economic development projects have also leveraged state programs such as the Montana Board of Investments and the Montana Department of Agriculture's Growth through Agriculture program. Most of the economic development projects leverage private funding from local banking institutions, and/or provide owner equity to match CDBG funds.

The CDBG-ED program requires a minimum 1:1 match; i.e., one non-CDBG dollar for each dollar of non-administrative CDBG funds requested. During the past year, CDBG-ED funds matched \$7,369,889 of other funding; i.e., each CDBG-ED dollar was leveraged by over \$2.17 in public and private funding. Based on the past five years, CDBG-ED funds have leveraged over 12 times the amount available for awards. On

average, over the last five years \$13,308,155 of CDBG-ED funds were leveraged with \$160,490,555 in other funds from public and private sources.

The **CDBG Public Facilities** and **Housing** categories leverage funds from other entities. In the Public Facilities category of the CDBG program, local governments must provide at least a 25 percent match of total CDBG funds requested. Match is not required for CDBG Housing projects. During the past year, for FFY 2006 funding awards, CDBG public facility funds leveraged \$6,334,602 of other funds, and CDBG housing funds leveraged other funds of \$4,480,259.

HOME funds used for project activities must be matched at 25 percent. During plan year, the HOME program incurred a match liability of \$1,182,010, with a total match provided of \$1,017,694. Montana has excess match from prior federal fiscal years totaling \$7,241,819. The HOME program used \$164,316 from the excess match to make up the difference. The total cost of all projects funded in the plan year, including \$4,364,871 of HOME funds, was \$25,741,951, providing nearly a 4:1 leverage of HOME funds.

The **ESG** program verifies that required match is reported annually by contracted agencies. The ESG program has identified the following match requirements for May 1, 2005 through April 30, 2006:

FFY 2005 HUD EMERGENCY SHELTER GRANTS PROGRAM MATCH BY HRDC										
Eligible Activities	AEM	DIST IV	Opp., Inc.	DIST VI	DIST VII	RMDC	DIST IX	NWMT	DIST XI	DIST XII
Essential Services	11,291	8,191	15,291	3,300	22,025	4,321	9,885	16,674	10,000	
Shelter Maintenance	19,845	4,992	20,390		22,025	20,868	13,180	24,071	31,138	47,000
Homeless Prevention	6,500	0	15,291	7,109	18,879	0	9,886	14,835	15,000	
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Jim Nolan, ESG Program manager

According the MDPHHS, the ESG match is only required above the first \$100,000; however, the MDPHHS requires all funds to be matched, with the exception of grantee administration.

I.B.8 PROJECT MONITORING

HOME Program

Near the end of each HOME project, a HOME staff member conducts a monitoring visit to each project to determine compliance with housing codes and applicable HUD regulations and MDOC policies. Project monitoring is based on a guide found in the HOME Administration Manual. Key issues include assessment of affirmative marketing actions, outreach to minority and women owned businesses, data on the amount and use of program income, number of projects, and eligibility of tenants and homebuyers,

rent levels, purchase prices, and compliance with subsidy limits. No findings were issued as monitored projects were found to be in compliance.

The HOME program conducted nine monitoring reviews during the plan year:

- Flathead Lake CHDO (2004)
- Human Resource Council XII (2002)
- City of Wolf Point (2002)
- Lincoln County (2004)
- homeWORD (2004)
- City of Shelby (2003)
- City of Helena (2002)
- City of Bozeman (2004)
- Helena Housing Authority (2003)

Each year, all homebuyer and rental grantees provide annual certifications to HOME Program staff. These certifications require homebuyer grantees to verify either that homes are continuing to be used as the principle residences of participants, or if transfer of the property has occurred, that program income has been recaptured and accounted for. All rental projects must certify that housing quality standards (HQS) inspections have been completed and that affordability requirements regarding income and rent limits have been met.

In addition, 21 projects received on-site visits. On-site visits are conducted for rental projects every year for projects with 26 or more units, every 2 years for projects with 5 to 25 units, and every 3 years for projects with 1 to 4 units. These on-site visits allow HOME staff to verify that tenant income certifications, rental agreements, rent limits, and inspection results meet HUD and MDOC requirements. Staff also reviews the facility's condition to ensure that it remains safe, decent, and sanitary. Projects were found to be in compliance with property standards and rent and income requirements. Visits were made to the following projects:

- Lewis and Clark County (1995)
- Richland County Housing Authority (1999)
- homeWORD (2000)
- Human Resource Council XII (1997)
- Human Resource Council XI (1997)
- BSW (1997)
- homeWORD (1997)
- Custer County (1998)
- Lewis and Clark County (1993)
- Rocky Mountain Dev. Council (1999)
- Garden City CHDO (1998)
- YWCA (1993)
- City of Kalispell (2001)
- Northwest MT Human Resources (1993)
- Rocky Mountain Dev. Council (2001)
- City of Hamilton (2003)
- Action for Eastern Montana (2001)
- Human Resource Dev. Council IX (1999)
- City of Helena (1995)
- Flathead Lake CHDO (2001)
- Sheridan County (1998)

CDBG Program

CDBG projects received an on-site monitoring visit during the plan year. A basic requirement of the Montana CDBG programs—Housing, Public Facilities, and Economic Development—is for state program staff to monitor at least some element of each project at least once. CDBG operates under a comprehensive monitoring system,

meaning that elements of the local CDBG project are reviewed in sixteen different areas. Within each of these areas, staff completes an extensive checklist, reviewing each project element for compliance with HUD and state program requirements. Following the monitoring visit, staff issues a formal letter to the chief elected official of the local government reporting on the monitoring visit, noting any "Concerns," "Questions of Performance," or "Findings" as may be applicable, and asking the local government to respond promptly regarding any questions of performance or findings.

Over the years, the method of project monitoring for CDBG-ED projects has changed in response to the nonprofit organizations that administer CDBG projects and manage funds for multiple counties. More emphasis is placed on loan documentation and financial evaluation procedures for new loans, all of which require additional technical assistance. To this end, the CDBG-ED Program uses a comprehensive monitoring checklist to help ensure important areas of program compliance are reviewed during the monitoring process.

ESG Program

The MDPHHS provides on-site monitoring of the ESG program via regularly scheduled monitoring visits by program staff, using a monitoring tool. Staff reviews the matching requirements, budget, and performance (both financial and operational) against contacted activities in the approved ESG work plans. Staff reviews fiscal accountability and timeliness of report submission. This monitoring is part of a comprehensive annual review of all programs funded by the Intergovernmental Human Services Bureau.

HOPWA Program

The Montana HOPWA programs, through the MDPHHS, work with Montana State University in providing technical assistance and gathering data to support the progress of the programs. Both locations are monitored annually. Both the Montana sites have begun using the Homeless Management Information System for their annual progress reports. This is a vital step in efficiently collecting data and facilitates effective reporting.

MBOH Multifamily Program

Low Income Housing Tax Credit projects are required to submit annually:

- (1) an owner's statement certifying that the project is in compliance with tax credit regulations, and
- (2) tenant certifications for all tenants that lived in the project during the year.

Each project is inspected every three years to determine if it is decent, safe, and sanitary. A tenant file review is also conducted on 20 percent of the tenant files. If compliance issues are found, they are communicated to the IRS via form 8823. The IRS will then determine the penalty, if any.

Each multifamily bond or risk-sharing project is required to submit annually:

- (1) An owner's statement certifying that the project is in compliance with bond regulations,
- (2) tenant certifications for all tenants that lived in the project during the year, and
- (3) financial statements and projected budgets.

Projects will have either: (1) an inspection every year, or (2) an inspection every three years to determine if it is decent, safe, and sanitary.

SECTION C - AFFIRMATIVELY FURTHERING FAIR HOUSING

I.C.1 SUMMARY OF IMPEDIMENTS TO FAIR HOUSING CHOICE

In the Fair Housing Act, it is a policy of the United States to prohibit any person from discriminating in the sale or rental of housing, the financing of housing, or the provision of brokerage services, including in any way making unavailable or denying a dwelling to any person, because of race, color, religion, sex, national origin, handicap, or familial status. Montana law (Section 49, parts 2 and 4, MCA) also defines illegal housing discrimination and includes age and marital status as protected classes.

According to HUD, impediments to fair housing choice include actions or omissions in the state that constitute violations of the Fair Housing Act. Further, impediments mean actions or omissions that are counter-productive to fair housing choice or that have the effect of restricting housing opportunities based on protected classes.

The MDOC is responsible for:

- conducting the AI;
- taking actions to address the impediments within its jurisdiction, and monitoring the results;
- certifying HOME and CDBG grantees affirmatively further fair housing;
- taking actions to address the impediments within its jurisdiction and monitoring the results of those actions.

However, MDOC lacks the authority to solve these problems alone. The task of eliminating the impediments to fair housing rests on the shoulders of all Montanans.

In 2004, the MDOC updated the *Analysis of Impediments to Fair Housing and Housing Choice*³, in support of Montana's Five-Year Consolidated Plan for the period April 1, 2005 through March 31, 2010. A review and analysis of the data contained in the AI revealed six impediments to fair housing in the state of Montana:

1. Minorities face significantly higher mortgage denial rates, which may impede their entry into homeownership. Analysis of Home Mortgage Disclosure Act (HMDA) data from 1993 through 2002 revealed significantly higher denial rates for Montana's minorities, particularly Native Americans. Although higher loan denial rates for particular groups do not provide enough information to conclude that discriminatory lending practices exist, the data reveal persistent trends that suggest minorities, particularly Native Americans, face greater challenges than non-minorities in moving into homeownership.

³ *Analysis of Impediments to Fair Housing and Housing Choice*, Western Economic Services, LLC, November 2004.

2. Subprime lenders in the state provide large home improvement loans to extremely low-income homeowners, which places them at risk for foreclosure and impedes long-term homeownership. Analysis of HMDA data showed that between 1993 and 2002, 1,038 Montana households with yearly incomes below \$15,000 received home improvement loans. The average home improvement loan issued by subprime lenders to this income group was \$12,167.
3. HUD complaint data show violations to fair housing law continue in Montana, limiting housing choice for selected populations. The greatest number of fair housing complaints between 1993 and 2003 related to disability, followed by familial status and race. During the same period, HUD data reveal 502 total complaints, 159 related to disability, 142 to familial status, and 110 to race as a basis for complaint.
4. Access to the fair housing system is limited, impeding fair housing enforcement in the state. HUD is the enforcement agency for Montana. It operates its enforcement efforts from Denver, Colorado. Montana Fair Housing (MFH) is the only agency in the state that tests for fair housing and investigates allegations of discrimination statewide. Despite nationwide reports detailing persistent violations of fair housing law, just 32 complaints from Montana were filed with HUD in 2003, less than half the number of complaints filed in the state a decade earlier.
5. MFH is the only agency that provides statewide fair housing education. The telephone survey conducted for the AI revealed a lack of understanding of fair housing law, particularly in rural areas and eastern Montana. The survey also revealed limited knowledge about primary resources for filing fair housing complaints, resulting in a possible impediment to the complaint process.
6. A telephone survey of 100 Montanans involved in housing-related services revealed the following:
 - a. Rental discrimination, particularly by unregulated landlords, is directed toward Native Americans and, to a lesser extent, against other members of protected classes.
 - b. Many residences, both new and old, do not comply with fair housing design and construction standards and accessibility regulations.
 - c. Enhanced fair housing instruction and training is needed in rural areas of the state, along with tailoring of the education to meet the interests and needs specific to rural areas. Respondents also favored additional education for inspectors, contractors, and others in the building industry.
 - d. Violations of fair housing law often are not reported because, among other reasons, the victims do not know the law, fear repercussions, or lack the time and resources necessary to pursue claims.

Again, the study concluded that impediments to fair housing still exist in Montana and members of the state's protected classes are affected with varying degrees of frequency and severity. The MDOC hopes to eliminate discriminatory actions and overcome an apparent lack of knowledge about fair housing law through two fair housing objectives:

1. Improve the understanding of fair housing law and proper construction practices; and
2. Enhance coordination among members of Montana's affordable housing community.

These objectives, termed the "Education Objective" and the "Coordination Objective," represent strategies the MDOC is considering for the next five-year period. The two objectives each are organized into four types of action, described on the following pages.

1. Education Objective

- Improve the general public's understanding of fair housing law through further outreach and education.
- Explore the feasibility of incorporating homebuyer training at the secondary education level. Communicate how credit markets work, how to avoid credit problems, and what predatory lending practices are to an audience entering the rental or homebuyer market.
- Design educational training sessions for specific subgroups, including consumers and providers of housing to improve the fair housing educational experience. These subgroups will be comprised of at least the following:
 - Native Americans, with curriculum and presentation designed with understanding of cultural differences.
 - Building codes inspectors, builders, and architects, with material designed specifically to better explain 504 building requirements.
 - Unregulated property managers, who may be reached by one or more of the following methods:
 - Contacting landlord associations;
 - Communicating with county tax assessors; and
 - Contacting the Montana Department of Revenue, Property Assessment and Taxation Department to obtain a list of property owners of commercial property used for residential purposes.
 - People in rural areas of the state, especially eastern Montana, who may have unique or different fair housing concerns than the more urbanized areas of the state.
- Continue publishing and distributing fair housing educational materials and guides.

2. Coordination Objective

- Establish a network with landlords, bankers, attorneys, and others for setting and coordinating a fair housing agenda. MDOC will oversee this effort. It will establish a Fair Housing Working Group with regular meetings to assess and review progress associated with the fair housing agenda.
- Encourage partnerships among the disabled community, housing developers, builders, and other housing providers. This action may include:
 - Identifying and defining sources of information to which questions about 504 design and construction standards and 504 compliance can be referred; and
 - Urging developers and builders to contact the disabled community directly.
- Coordinate with Montana Fair Housing to further fair housing education throughout the state.
- Increase the MDOC's role as an information clearinghouse by including additional information on the Housing Division website, <http://housing.state.mt.us>, including:
 - Montana Landlord/Tenant Law;
 - Federal and Montana fair housing laws; and
 - ADA and 504 design and construction standards.

I.C.2 ACTIONS TAKEN

The MDOC has been involved in various educational efforts and outreach activities to affirmatively further fair housing during the plan year. These efforts and activities are summarized below.

- The Housing Division participated in the Seventh Annual Fair Housing Faire in Great Falls held April 29, 2005. The Housing Division provided materials, staff, and a booth at the Faire.
- MBOH staff attended Montana Fair Housing's annual conference held in Helena on April 14, 2005.
- MDOC staff participated in the Montana Financial Education Coalition's (MFEC) second annual conference, titled "Financial Education: An Opportunity for Change," on November 7-8, 2005 in Helena. According to the organization's mission statement: "The Montana Financial Education Coalition strives to improve the personal financial knowledge and decision-making ability of Montana citizens by promoting public awareness of the need for personal financial education, and by uniting and building capacity of financial education programs."
- The MBOH provides a list of "housing rights, fair housing advocates, legal assistance, and other resources" as a "featured resource on its Web page:

<http://housing.mt.gov/index.asp>.

Originally developed as a component of the *Montana Housing Resource Directory*⁴, the listing provides basic information on where citizens can find assistance for issues relating to housing rights, fair housing, legal issues, etc.⁵

- The MDOC hands out the “Analysis of Impediments” at the housing application workshops and Consolidated Plan meetings and supplies copies to individuals and organizations requesting them. The AI is also available on the Housing Division web site:

http://housing.mt.gov/Hous_CP_AnalysisImpedFrHsg.asp

- The MDOC provides brochures and posters distributed by the Montana Department of Labor and Industry Human Rights Bureau to successful grantees and as requested by individuals and organizations. The MDOC also makes the brochures and posters available at workshops and other events. The brochures are also available on the Human Rights Bureau’s web site:

<http://erd.dli.mt.gov/humanright/housediscrim.asp>

- The MDOC passes out Montana Fair Housing posters and landlord/tenant packets to successful grantees and at workshops and other events.
- MDOC staff participates in the Montana Alliance for Responsible Finance, which is in the process of developing an education campaign regarding Pay Day and Title Loan lending costs, developing alternatives to such loans at local credit unions, and developing state legislation and supporting federal legislation to strengthen anti-predatory lending laws.
- The CDBG Economic Development Program provides fair Housing information and program requirements in its application guidelines and administration manual. Grant recipients are required to show efforts to further fair housing, and CDBG-ED staff monitors recipients for compliance.

Within the constraints of our budget and staff resources, as well as our obligation to document compliance with numerous other federal laws and regulations, we believe the MDOC has demonstrated strong and sincere efforts in regard to furthering fair housing through the HUD-funded programs.

⁴ *Montana Housing Resource Directory*, Montana Department of Commerce, January 2006; http://housing.mt.gov/Hous_CP_HsgResDir.asp

⁵ The material included in the directory is not intended as legal advice or as a promotion or guarantee of the reliability or appropriateness of programs, businesses and individuals listed or linked. In certain instances, readers of the directory may want to consult with legal counsel. The Montana Department of Commerce assumes no liability for the content of information provided in the directory or the content of links listed in the directory.

SECTION D – AFFORDABLE HOUSING

LIHTC: The 2006 Qualified Allocation Plan for the Low Income Housing Tax Credit Program included points for projects that targeted 40 percent AMI units. Of the six (6) 2006 projects allocated credits, there were 31 units targeted for 40 percent AMI. A total of 178 units are being built. More points may be awarded in the future to promote targeting lower income families and seniors.

HOME Program⁶: Of the renters assisted with HOME funds, nearly 85 percent are low-income beneficiaries, i.e., their incomes are below 50 percent of AMI. More impressive is the percentage of renters who fall into the extremely low-income category: 51.1 percent of the renters assisted with HOME funds in Montana have incomes below 30 percent of AMI (compared to the national average of 35.5 percent). These numbers rank Montana as the sixth best state HOME Program in the country. Minority households occupy approximately 12 percent of rental units and 21.6 percent of those receiving HOME tenant-based rental assistance are minority households, with the largest percentage, 15.7 percent, representing American Indian households. Census data shows that Montana's total minority population is 9 percent.

CDBG: The Montana CDBG program reported serving approximately 345 households, including 18 minority households, with some type of housing assistance, including rental housing, homebuyer assistance, and homeowner rehabilitation for the period April 1, 2005 through March 31, 2006⁷. All of the persons and households assisted during the plan year had incomes at or below 80 percent of area median, as required by regulation.

Disabled Accessible Affordable Homeownership Program: During the period April 1, 2005 through March 31, 2006, the MBOH financed seven homes for \$643,693 to provide affordable, architecturally accessible homes for people with disabilities so they can live independently. The average income of program participants was \$21,319, and the average purchase price was \$91,956. During the history of the program, the MBOH has financed 157 homes with \$10,211,103 in recycled mortgage funds. The average household income was \$16,679 with an average loan amount of \$65,038.

First-time Homebuyer Savings Account Program: The MBOH established this program in 1997 for permanent mortgages for homebuyers who have established a qualified savings account for down payment and closing costs. To date, the MBOH has committed financing for 190 homebuyers, whose incomes averaged \$29,791. In SFY 2005, the board purchased loans totaling \$3,023,548 in the program, which assisted 32 first-time homebuyers.

⁶ HUD SNAPSHOT of HOME Program Performance--As of 03/31/06 (State Participating Jurisdictions): <http://www.hud.gov/offices/cpd/affordablehousing/programs/home/snapshot/>

⁷ IDIS report CO4PR23, Program Year 2005 Summary of Accomplishments

Habitat for Humanity Mortgage Reinvestment Program: In SFY 2005, the MBOH provided \$540,472 in financing for permanent mortgages for six Habitat for Humanity affiliate member families. This financing allowed the local Habitat for Humanity affiliate to recover its construction cost from the homes constructed and start construction on additional homes. As of March 31, 2006, 45 homes valued at \$2,464,762 have been financed. The average income of the member families helped by this program was \$22,895.

Lot Refinance Program: In July 2002, the MBOH set aside \$1 million in recycled mortgage funds for the permanent financing of homes built on land purchased by Montana families more than two years prior to construction. Under the regular bond program, these families had been precluded from using MBOH financing due to refinance restrictions. In SFY 2005, the board provided \$253,415 in financing for two Montana families through this program.

Rural Housing Loan Leveraging Program: The MBOH provided \$443,140 of recycled funds for 15 homebuyers in SFY 2005 with this program. Funds from USDA Rural Development are leveraged with interest rates that range from 1 percent for borrowers whose income does not exceed 50 percent of the area median income; 2 percent for borrowers whose income does not exceed 55 percent of the area median income; to 3 percent for borrowers whose income does not exceed 60 percent of the area median income. In this program, the MBOH purchases a first mortgage (30 year, FHA insured, VA guaranteed) for half of the purchase. RD will make a loan secured by a second mortgage at a 1 percent, 2 percent, or 3 percent rate for the other half of the purchase. The MBOH has provided this program with \$6,933,657 in financing for 241 homebuyers, whose average income was \$21,679.

Due to the success of the program and at the request of RD, the MBOH expanded the program to include families whose income does not exceed 80 percent of the area median. The MBOH financed loan amounts now range from 10 to 50 percent, which keeps the monthly payment rate from 27 to 29 percent of homebuyers' income.

Teachers Housing Loan Program: In some areas of Montana, housing costs have outpaced the salary levels of essential community employees, like teachers. In Ravalli County, Farmers State Bank chose to address this issue by forming a partnership with the MBOH. This alliance will provide low-interest home loans and creative financing for teachers serving Ravalli County.

At least one applicant must be a teacher employed in one of seven Ravalli County school districts. The household's income must be at or below 80 percent of area median household income for the county. The property must be located within the county, must be the purchaser's primary residence, and the purchase price must not exceed \$172,000 (existing) or \$204,000 (new construction). Manufactured homes are not eligible for financing. Additionally, the homebuyer must complete a full homebuyer education course and be approved for a first mortgage from Farmers State Bank based on USDA Rural Development guidelines.

The Montana House™: The Montana House™ program is a collaboration between the MBOH, the Anaconda Job Corps, the United Brotherhood of Carpenters and Joiners of America, and the Painters & Allied Trades International Union. Believed to be the first program of its kind in the nation, the program was created by the MBOH as a way to provide an affordable, energy-efficient, reasonably sized home for low- and moderate-income families in Montana.

The MBOH provides the money for materials and pre-apprenticeship carpentry students build the house under the guidance of the carpentry instructors at the Job Corps. The students get first-hand experience in residential construction, building the entire house from the ground up, from the trusses to the shingles to the sheetrock to the painting, which makes them much more marketable and employable when they look for jobs.

The homes are 960 square feet and have two bedrooms, one bathroom, oak cabinets in the kitchen and bathroom, and oak trimming throughout. The walls are insulated, taped, painted, and textured. Vinyl siding is hung on the exterior, and the vinyl windows are insulated, making the homes energy efficient. The price, \$35,000, includes everything except the appliances and flooring, which the homebuyer provides. The homebuyer is also responsible for the lot and foundation and moving the home.

To qualify, a homebuyer must:

- have household income that does not exceed 80 percent of adjusted median income for the county of residence;
- be sponsored by a nonprofit or governmental entity;
- occupy the Montana House™ as their primary residence;
- complete a full course of homebuyer education;
- secure a lot on which to move the Montana House™ by outright ownership, mortgage, or by a signed buy/sell agreement;
- submit a purchase budget for moving and installation, including:
 - a minimum of one bid from a licensed contractor for construction of the foundation, including water and sewer line hookups. Owner-built foundations are not permitted;
 - a minimum of one written estimate of utility line costs, including water, sewer or septic, telephone, electricity and gas or propane (where appropriate);
 - a minimum of one bid for moving costs; and
 - a minimum of one written estimate for floor coverings and appliances.
- be approved for a first mortgage from a lender. Homes are financed through traditional mortgages offered by lenders throughout the state.

Since April 2005, four Montana House™ homes have been completed Anaconda Job Corps. Three of the homes have been located in Great Falls, two of which have been sold to qualified first-time homebuyers. The fourth house is scheduled to be moved onto the Blackfeet Reservation during the summer of 2006.

The MBOH and the Blackfeet Tribal College are in the process of signing an agreement that would allow the college to produce Montana House™ units for use on the Blackfeet Reservation, providing needed housing units and training college students in construction skills. The Job Corps program in Darby, located in southwest corner of the state, is also interested in participating in the Montana House™ program.

Native American HUD Section 184 Set-aside: As the HUD Section 184 program becomes more familiar to lenders, more loans are being made on Montana reservations. From April 1, 2005 through March 31, 2006, MBOH made 17 loans totaling \$1,581,409. The average purchase price was \$93,024 and the average income of the homebuyers was \$34,483. Since inception, the program has provided 32 homeowners with \$2,783,215 in home loans.

Montana American Indian Homeownership Task Force: During the plan year, the MBOH in conjunction with the Montana HomeOwnership Network and the American Indian Homeownership Task Force, a coalition of state and federal agencies, nonprofits, lenders, and Indian housing authorities, succeeded in having 22 Native American participants, representing all seven reservations, attend and become certified first-time homebuyer education trainers. The homebuyer training used a special curriculum designed to be culturally appropriate to Native American homeownerships traditions. As a result, the MBOH saw a major increase in homebuyer loans for Native Americans.

Warm Hearts, Warm Homes: The MDPHHS in concert with the Governor's office and other state agencies initiated a new program entitled Warm Hearts, Warm Homes in November 2005. This program was designed to assist in making information available to all Montanans to help them identify all programs that could benefit them. A new website was developed and published with the Governor's objective of advertising available resources and enlisting "Neighbor to Neighbor" community involvement. This Web site has information about weatherization, saving energy, other resources to find help for families, and how to can help others stay warm. Access the Web site at:

deq.mt.gov/Energy/warmhomes/index.asp

Montana's 10 HRDCs became key contacts for outreach and for making referrals to various programs. This assistance was viewed as important in helping people remain in their own homes.

SECTION E – SPECIAL POPULATIONS

I.E.1 MONTANA HOMELESS CONTINUUM OF CARE COALITION

HUD has initiated an array of policies to address the critical problem of homelessness in the United States. HUD's approach to breaking the cycle of homelessness is known as the Continuum of Care (CoC) and is an element of the consolidated planning process.

The Montana continuum of care strategy is led by a statewide coalition of statewide homeless service providers called the Montana Continuum of Care Coalition (MT CoCC) and is supported with contract services from the MDPHHS. The MT CoCC system is meant to provide a full continuum of care, including emergency shelter, transitional and permanent supportive housing and other supportive services, throughout the state so that every homeless individual or family is given the help needed to regain stability and permanent residency.

The MT CoCC provides a statewide planning process and facilitates the application for McKinney-Vento Act funding. It is open to any interested individual or organization. The MT CoCC also strives to achieve improved coordination and leverage of existing resources and programs the majority of which come through the MDOC Housing Division and various divisions of the MDPHHS. These resources include "Mainstream Resources," such as SSI, TANF, SCHIPS, Medicaid, Workforce Investment Act and Veterans Health Care, and includes the coordination of programs such as the PATH program and community mental health centers, veterans programs, Montana HOME and other housing programs, and community service block grant supported programs, including LIEAP, Emergency Shelter Grants, Head Start, Runaway and Homeless Youth program and many more.

While the MT CoCC strives to meld and leverage these programs and resources at the state level, it also strives to assure homeless persons access these programs through effective, coordinated case management and service delivery at the local level. It does so by encouraging strong community continuum of care organizations that brings all providers of homeless services together to identify needs, close gaps, coordinate client services across all programs, and to identify new and innovative approaches to eradicating homeless conditions.

The MT CoCC has worked to achieve these goals through such activities as conducting an annual statewide survey of the homeless population, preparing an annual statewide inventory of homeless resources, facilitating an annual planning and priority-setting process and, ultimately, preparing a statewide grant application for homeless funds. In 2003, the MT CoCC was part of a policy academy team's effort that culminated in the creation of the Montana Council on Homelessness (MTCoh) by Executive Order. The MTCoh was charged with the responsibility for establishing a plan to eradicate chronic homelessness by 2012. The MT CoCC participated in the MTCoh's input process throughout 2005 and 2006 and a plan is anticipated to be completed sometime soon.

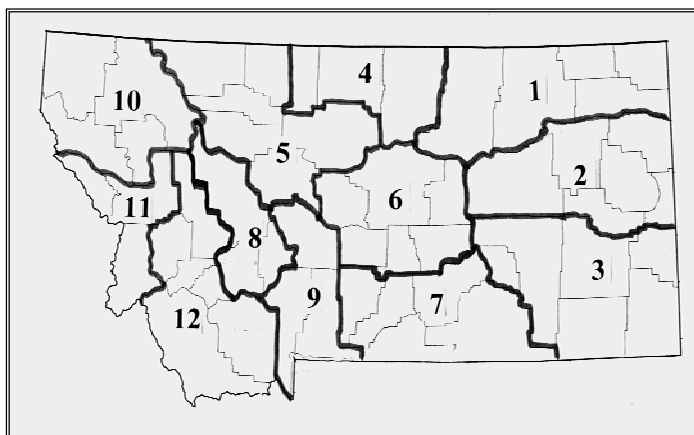
The MT CoCC began in 1998 with grants for two projects totaling \$447,600. Since then, it has secured funding for 76 new or renewed projects and 2 one-time-only construction projects totaling over 13,094,000 million dollars. Altogether, these grants have provided 202 units of permanent supportive housing for the seriously disabled, 258 transitional housing beds, and supportive services for more than 16 programs.

I.E.2 HOMELESS NEEDS AND HOMELESS PREVENTION

2006 Montana Statewide Homeless Survey Summary

The Intergovernmental Human and Community Services Bureau of the MDPHHS sponsors an annual Survey of the Homeless on a date established by HUD. The survey is conducted statewide in the largest population centers and is facilitated by the Montana Continuum of Care Coalition. In most cases, the Human Resource Development Councils conduct the survey using volunteers and staff. For the night of January 31, 2006, 2,311 unduplicated homeless persons were identified statewide. The survey, conducted according to HUD survey guidelines, provides a “snapshot” of a single evening. A summary of some survey information is included below.

Background: The survey was conducted statewide, to the extent possible, and results are reported by districts (see map). Survey activity was primarily focused in the major population centers in each participating district. Larger communities have the majority of relevant services available. The districts, corresponding major cities, and homeless counts for 2005 and 2006 follow.



Montana's Annual Survey of the Homeless			
District	City	2006	2005
1,2,3	Glendive	23	43
4	Havre	28	26
5	Great Falls	164	173
6	Lewistown	30	25
7	Billings	614	807
8	Helena	316	171
9	Bozeman	121	58
10	Kalispell	379	344
11	Missoula	536	356
12	Butte	95	66
Missing or unknown		5	28
Totals		2,311	2,097
http://nth-degree.com/mthomeless/svg06.html			

It is important to note that national experience indicates surveys in remote and rural areas undercount the homeless due to their inaccessibility. In addition, the HUD definition of homelessness used in this report does not include families that are doubled-up or more in a single house, which occurs with greater frequency in rural areas than in urban settings.

The Montana Survey of the Homeless captures data primarily for the “respondents,” who may be lone individuals or the heads of

homeless families. The heads of homeless families identify accompanying family members and provide additional demographic information about the family members. Aggregate responses are provided for all questions. Data is presented by respondents (individual and family heads of household), and includes information on accompanying family members (all homeless). In some cases, numbers do not add up to 100 percent due to incomplete responses. Others may add up to more than 100 percent when questions are phrased in such a way as to allow for more than one answer (e.g., *Are you homeless because of any of the following? Mark all that apply.*)

Two significant changes from 2005 to 2006 were fewer chronically homeless (CH) persons and a shift in the geographical distributions. Thirty-two percent fewer chronically homeless persons were counted (2005-234 and 2006-158), which might be attributed to changes in the survey that help to identify only "diagnosed" disabilities.

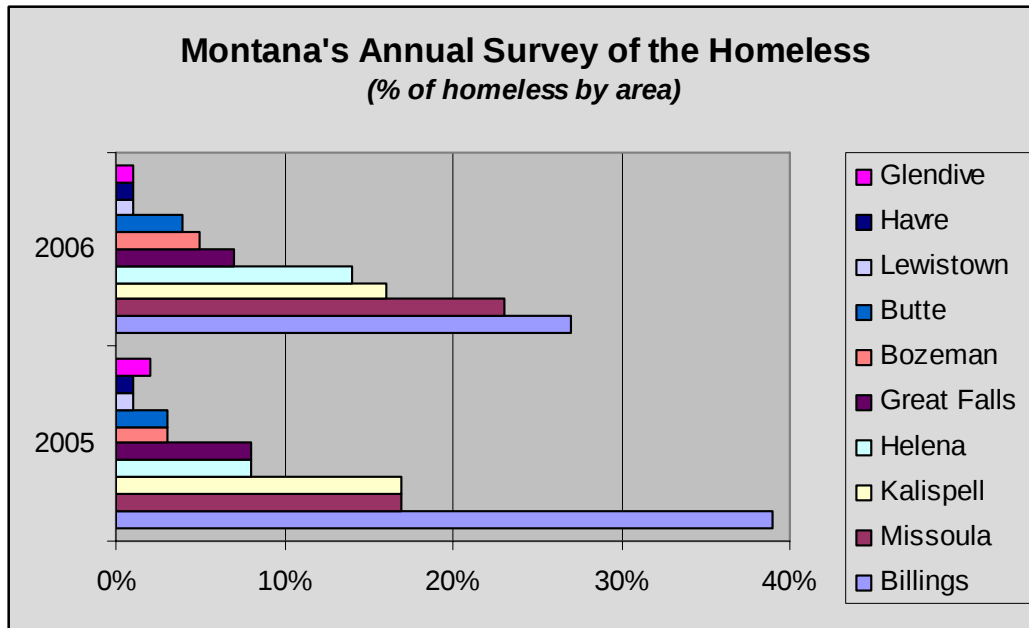
As defined by HUD, a "chronically homeless" person is "an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more, or has had at least four episodes of homelessness in the past three years."

The Billings area experienced a drop in their homeless count from 37 percent of all homeless in 2005 to 28 percent in 2006. Larger counts were experienced in Missoula, which grew from 18 percent to 26 percent. Helena also counted more homeless in 2006, increasing its share from 9 percent in 2005 to 14 percent in 2006.

The percentages for homeless who were unsheltered, in emergency shelters, and in transitional housing varied by only a percent or two from 2005; 34 percent were unsheltered, 38 percent were in emergency shelters, and 28 percent were in transitional housing. While only 10 percent of homeless families were "on the streets" that evening, almost half of all individuals were unsheltered.

Geographic Distribution: In 2006, eighty percent (1,845/2,311) of all identified homeless persons were found in four cities: Billings, Missoula, Kalispell and Helena. The other 20 percent (466) were located in the remaining six districts. Year to year fluctuations, such as those demonstrated in the table at right and the graph on the following page, are normal, and may hinge on a many factors, including weather, the number of volunteers, or the agencies involved.

Montana's Annual Survey of the Homeless (by percent of all homeless identified)		
	2005	2006
Billings	39%	27%
Missoula	17%	23%
Kalispell	17%	16%
Helena	8%	14%
Great Falls	8%	7%
Bozeman	3%	5%
Butte	3%	4%
Lewistown	1%	1%
Havre	1%	1%
Glendive	2%	1%



Montana's Annual Survey of the Homeless Where did you sleep last night?				
	1/27/2005		1/31/2006	
With family or friend	440	21.0%	516	22.3%
Outside, in a car, etc.	476	22.7%	451	19.5%
Emergency shelter	412	19.6%	422	18.3%
Transitional facility	388	18.5%	375	16.2%
Motel without voucher	113	5.4%	147	6.4%
Jail	99	4.7%	98	4.2%
Motel with voucher	67	3.2%	82	3.5%
Other	51	2.4%	80	3.5%
Foster care	N/A	0.0%	59	2.6%
Treatment facility	6	0.3%	43	1.9%
Missing or N/A	4	0.2%	23	1.0%
Psychiatric facility	15	0.7%	7	0.3%
Hospital	12	0.6%	6	0.3%
Prison	14	0.7%	2	0.1%

Shelter: The most common response to finding shelter in 2005 and 2006 was staying with family or friends. The second most common response was “staying outside, in a car, etc.” This number, 22.7 percent in 2005 and 19.5 percent in 2006, was alarmingly high, given that the survey was conducted at the end of January, when average temperatures hover below, and sometimes well below, freezing.

Relatively few (9.3 percent in 2006 and 7 percent in 2005) had just been released from a public facility, including treatment facilities, hospitals, jails, or foster care. The numbers who had spent the previous night in jail remained constant between 2005 and 2006, at 98 and 99, respectively.

In 2006, 164 of those identified met HUD’s definition of “chronically homeless”; in 2005, 245 met the definition. The majority of the chronically homeless (68.3 percent in 2006, and 75.5 percent in 2005) stated that they had slept outside, in a car, etc. the night before.

Families: In 2006, 47 percent (1,089/2,311) of all the homeless persons identified were members of homeless families, with spouse or partner and/or children, or other. In both 2005 and 2006, over 830 persons were members of families with children.

Seventy-two percent (786) of those who were in homeless families were female; 69.8 percent of respondents (268/384) who were the heads of homeless families were female.

Family respondents identified 569 children under the age of 17, with 69 babies under the age of one year, 240 children between the ages of 1 – 5, 142 children between the ages of 6 – 13, and 118 teens between the ages of 14 and 17. Eighty-six (86) survey respondents in 2006 were pregnant; a total of 266 pregnant respondents and family members were identified.

2006 Survey of the Homeless:			
<i>If you are with school-aged children, are they currently enrolled in school?</i>			
	Respondent	Respondent + Family	Children
Yes	161	550	389
No	28	89	61
Missing or N/A	1,383	1,672	289
Totals	1,572	2,311	739
<i>If not, when were they last enrolled?</i>			
< 3 months	6	24	18
> 3 months ago	3	8	5
> 6 months ago	4	13	9
> 1 year ago	6	15	9
Missing or N/A	1,572	2,251	679
Totals	1,591	2,311	720

Per the table above, 189 respondents reported being in families with school-aged children. Of 450 school-aged children, respondents identified 61 who were not in school, for times that ranged from less than three months to over one year.

Individuals: Fifty-one percent (1,187) of all homeless persons identified in 2006 were individuals; 69.8 percent (828) were male; 28.9 percent (383) female; and 32 were pregnant. Information on gender was missing from 16 of the surveys. Approximately 61 percent (722/1,187) of these individuals were between the ages of 30 and 59. The second largest group, at 23 percent (272/1,189), fell between the ages of 18 and 29. About 6 percent (71) were older than 60 years of age.

Five percent (63/1,187) of the homeless individuals identified were youth under the age of 18. Just over half (33) of these youth had spent the night of January 31, 2006 in either a transitional facility (16), foster care (8), a treatment facility (8), or a psychiatric facility (1) Two of these youth were sleeping “on the streets,” eight stayed with friends or family, and nine stayed in an emergency shelter.

Disabling Conditions and Causes of Homelessness: It is important to note that “self-reporting” surveys typically under-report mental illness and substance abuse.

Chronic Homelessness: During the January 2005 annual point-in-time survey, 2,097 homeless persons were identified in Montana’s eight largest population centers. Among those identified were 234 persons considered chronically homeless by the standards of HUD. The 2005 survey found 39 percent (234) of individuals met this definition (Billings: 121; Bozeman: 26; Great Falls: 24; Helena: 19; Missoula: 17; Kalispell – 16; Other: 11).

During the survey of the homeless conducted for the night of January 31, 2006, 2,311 homeless persons were counted, with 164 identified as chronically homeless, by HUD's definition. The chronically homeless generally represent about 10 percent of the homeless population, but according to the U.S. Department of Health and Human Services Secretary's Report on Ending Chronic Homelessness: "Although the CH constitute 10 percent of the users of temporary housing, they consume fully 50% of the shelter days," and a similarly disproportionate share of other resources. Because they face multiple obstacles, the chronically homeless tend to access a number of high-cost services, including emergency rooms, jails and treatment facilities. In Montana, the chronically homeless accounted for about seven percent of the users of shelter and temporary housing. Data on the percentage use of all shelter days, however, is not available.

Montana's Annual Survey of the Homeless <i>Disabilities Identified by Respondents</i>	2005	2006
Identified as chronically homeless	245	164
Number <u>with</u> a disability	242	153
Percent with mental illness	44.5%	41.5%
Percent with substance abuse disorder	61.2%	42.7%
Percent with physical disability	38.0%	40.9%
Percent with developmental disability	3.7%	3.7%
Percent with HIV/AIDS or related diseases	2.4%	3.7%

The most frequently cited condition among the chronically homeless was a substance abuse disorder, followed closely by mental illness and physical disabilities. Co-occurring disorders, or the diagnosis of concurrent mental illness and a substance abuse disorder, is the expectation between both populations. Among the chronically homeless identified in 2006, 53 stated that they had co-occurring disorders and seven (7) revealed that they had HIV/AIDS.

Homeless Survey Analysis Tool: The 2006 Homeless Survey Analysis Tool is available to state and local government policy planners, nonprofit organizations or anyone wanting more information about a specific area or subpopulation. The tool is a unique and powerful data management tool developed by Nth-Degree Analytics of Bozeman for the MT CoCC in the hope of promoting awareness and understanding of homelessness in Montana. The MT CoCC hopes it will be used as a resource for grant writing, policy development, and resource management. While some survey or statistical analyses background is helpful, it is not necessary.

To access the Homeless Survey Analysis Tool, go to the following website:

www.nth-degree.com/mthomeless

For assistance, call Bob Buzzas, MT CoCC, at 406-586-1572, or by email at:

civicconsulting@msn.com

Montana Council on Homelessness

The Montana Council on Homelessness was formed by Executive Order in June 2004 and has been comprised of broad-based representatives of state, federal and community leaders working on various facets of the issues that result in, rise from and sustain homelessness. State agency representatives include the Governor's Office, the MDPHHS, the MDOC (Housing Division), the MDOLI, the Office of Public Instruction, the Office of Veterans Affairs, the Montana Board of Crime Control, and the Montana Department of Corrections. State-level agency officials typically have the authority to exercise overarching strategies, policies, and protocols within context of their departments, divisions, and agencies. The MTCoh also includes representatives from a nonprofit homeless service provider, the public sectors, statewide Continuum of Care Coalition, the Social Security Administration, Health Care for the Homeless, Montana/Wyoming Tribal Leaders Council, and a previously homeless person who currently services as a case manager. The lieutenant governor, John Bohlinger, was appointed to the MTCoh in 2005, signifying the full support of Governor Schweitzer.

The mission of the MTCoh is "To develop and implement strategies to prevent and reduce homelessness in Montana overall and to end chronic homelessness by 2014."

The MTCoh went through a strategic planning process beginning in June 2004, during which time it named five workgroups to examine and provide input into addressing specific facets of the overarching issues that play into homelessness. The identified issue areas include: housing; access to and delivery of mainstream services; special needs populations (including substance abuse, mental illness and other disabilities); finance and resource development; and education, employment, and training.

These workgroups have included nearly 90 individuals (including council members) with content-area expertise. Each workgroup is co-chaired by MTCoh members. In February 2005, federal technical assistance from Martha Fleetwood of HomeBase in California was provided to the MTCoh through Policy Academy funds. Each group worked with Ms. Fleetwood, with the intent of creating crosscutting strategies that would begin to impact homelessness in Montana. This was followed up by technical assistance from Ann Denton and Margaret Lassiter in 2005 and 2006. This resulted from an innovative partnership with the statewide PATH Program⁸, using PATH technical assistance funds. This initiated new partnerships among PATH direct service providers, housing providers, and housing funders. Additional federal technical assistance has been requested and granted.

⁸ Created under the McKinney Act, the **Projects for Assistance in Transition from Homelessness** program, is a formula grant program that funds the 50 states, District of Columbia, Puerto Rico, and four U.S. Territories to support service delivery to individuals with serious mental illnesses, and individuals with co-occurring substance use disorders, who are homeless or at risk of becoming homeless.

The MTCOH sponsored a report, *Homeless in Montana*⁹, released in June 2004. The report has been widely disseminated in order to begin bringing the issue into the public consciousness. Since the report was released, the issue has been highlighted in at least six statewide television news segments, and the topic of a weeklong series on homelessness in the Billings Gazette.

The MTCOH sponsored an application to the Governor's Commission on Community Service for AmeriCorps planning resources. A VISTA (Volunteers in Service to America) was recruited to assist with community outreach in support of beginning to create a resource directory and to practice outreach to the local provider communities in each of the seven population centers. Dozens of telephone interviews and numerous community visits to Helena, Missoula, and Billings area providers have been accomplished to date. Additional education is being provided through a growing listserv, to which a periodic e-newsletter (the *MTCOH News*) is distributed, in addition to more frequent e-news updates with information about the MTCOH, the MT CoCC, potential funding, good examples of Montana programs, best practices, and promising programs. The listserv currently includes over 250 names and continues to grow. The MTCOH has applied for, and received, a second year VISTA, who will begin her VISTA year in July 2006.

Ultimately, the work of the MTCOH and its workgroups, coupled with the research and outreach, has provided the foundation for a 10-year plan to address homelessness as it exists in Montana and to end chronic homelessness.

I.E.3 NON-HOMELESS SPECIAL NEEDS

Persons with Disabilities

Significant activity occurred during the plan year in addressing housing needs and choices of persons with disabilities in communities across Montana. These activities included housing linked to community-based supportive living services, enhanced accessibility rental housing, and homeownership activities.

Three housing activities for persons with severe disabilities linked to supportive services funded through the HOME program and other programs completed construction and became available for use:

- The Western Montana Mental Health Center completed a 5-bed single room occupancy (SRO) residence in Kalispell for persons with severe disabling mental illness.
- Opportunity Resources, Inc. built a supportive living duplex in Missoula County to provide eight persons with severe physical disabilities fully accessible, supportive living residences.

⁹ A complete copy of the *Homeless in Montana* report can be found at:
<http://www.dphhs.state.mt.us/homelessinmontana.pdf>

- Accessible Space, Inc. constructed a 17-unit accessible apartment building for persons with physical disabilities in Bozeman.

As previously mentioned, the MDOC was awarded \$463,080 through the 2005 HUD Homeless Continuum of Care funding to provide Shelter Plus Care vouchers providing housing linked to supportive services to 18 chronically homeless persons with severe disabling mental illness, and/or living with HIV. This initiative represents an important partnership between MDOC housing capacity and MDPHHS funded support services.

Helena Housing Authority's Wilder Street Apartments (31 units), funded through the HOME and LIHTC programs, features enhanced accessibility and Universal Design features and specifically targets persons with disabilities for tenancy in one-third of the units to create new community-integrated rental opportunities. Construction was completed and the project rented-up during the plan year.

Rocky Mountain Development Council completed the major rehabilitation of Eagle's Manor in Helena to provide 60 units of senior housing with enhanced accessibility features and is 100 percent visitable. The renovation was accomplished with funds from the CDBG, HOME, and LIHTC programs.

The Montana Home Choice Coalition's New Freedom Homeownership statewide initiative linking individuals and families with disabilities to homeownership opportunities assisted 14 individual families with disabilities to become homeowners. Most of the homebuyers benefited from homebuyer assistance from local community programs funded through either the HOME Program or the CDBG program. Neighborhood Housing of Great Falls/Montana Homeownership Network received new grant funding during the plan year for its statewide homebuyer assistance program, which for the first time targeted higher levels of assistance for low-income families with disabilities. Five homeowners utilized Section 8 vouchers from the newly implemented Section 8 Homeownership program to support their mortgage payments. The New Freedom Initiative included a demonstration project with the Montana DPHHS Developmental Disabilities Program, which provided six persons with developmental disabilities the opportunity to become homeowners. The mortgage products available through MBOH, Rural Development, and Fannie Mae were the primary first mortgage sources for these homebuyers.

The effort to open up more homeownership opportunities for persons with disabilities received an additional important boost through an innovative new partnership between the MBOH, Fannie Mae, and US Bank Home Mortgage. Fannie Mae's My Community Mortgage products were offered through the statewide MBOH lending network at a below market rate (5 percent during the plan year). The My Community Mortgage Products include the HomeChoice® option, which is specifically targeted to the lending needs of persons with disabilities. This initiative has enhanced access of persons with disabilities to home mortgage lending particularly those with disabilities that were not eligible for the Disabled Accessible Affordable MBOH program. MBOH closed five MyMontanaMortgage Home Choice Option loans for persons with disabilities during the

plan year. The existing MBOH Disabled Accessible Affordable Mortgage program, targeting homebuyers who have disabilities requiring physical accommodations in their homes for below rate mortgages as low as 2.75 percent depending upon family income, closed seven loans during the plan year.

SECTION F - OTHER ACTIONS UNDERTAKEN

I.F.1 ENHANCE INSTITUTIONAL STRUCTURE AND INTERAGENCY COOPERATION AND COORDINATION

Housing policies and housing program responsibilities are divided among a variety of agencies and organizations throughout both the state and federal governments. To aid in coordination and enhancement of program and agency efforts, the MDOC created the Housing Coordinating Team (HCT), a group of state and federal housing programs and nonprofit organizations that finance, regulate or provide housing related services. (See page 82 for HCT membership.) The group was formed to aid in directing and solving housing problems facing the state. The HCT seeks input from private citizens and local organizations on various housing related topics. The HCT was modeled after the Water, Wastewater, and Solid Waste Action Coordinating Team (W₂ASACT), which coordinates finances among state and federal agencies and provides assistance for community water and wastewater systems.

The goals of the HCT are to:

- increase coordination between the various housing agencies and programs;
- identify areas where there are impediments to affordable housing development;
- improve access to housing programs through education, including multi-agency workshops; and
- improve service delivery to funding recipients.

The MDOC's policy is to continue to refine and enhance application guidelines, forms, and workshops. To make the programs easier to access, the staff looks at streamlining documentation requirements each year. The MDOC also expanded its role in providing and interpreting information to aid localities in determining and quantifying their housing needs and problems and finding alternative solutions to those problems.

The Uniform Application (Uni-App) for Montana Housing Loan, Grant & Tax Credit Programs was completed in 1998 and is used by the housing programs. The Uni-App Team included the environmental review section in the application that was designed to be compatible with all participating agencies. Now that applicants have used it for several years, the team will re-examine the Uni-App in the coming plan year to determine if any revisions are needed.

Housing Coordinating Team Membership
April 1, 2005 – March 31, 2006

	Gerry Watne HCT Chair Multi-Family Program MT Board of Housing Helena, MT	
Mary Lou Affleck MT Partnership Office Fannie Mae Billings, MT	Toby Benson Energy Planning & Technical Assistance Section MT Dept of Environmental Quality Helena, MT	Bruce Brensdal MT Board of Housing Exe. Director Housing Division Administrator MDOC Helena, MT
Jerilee Brooks MT Partnership Office Fannie Mae Helena, MT	Charlie Brown Homeownership Program MT Board of Housing Helena, MT	Gus Byrom CDBG Program Manager Community Development Div. MDOC Helena, MT
Deborah Chorlton Rural Development Housing Director U.S. Dept of Agriculture Bozeman, MT	Dave Cole Community Development Division Administrator MDOC Helena, MT	Cindy Donnell Rural Development U.S. Dept of Agriculture Helena, MT
Leslie Edgcomb CP Coordinator Housing Division MDOC Helena, MT	Tom Friesen MT Field Office Director U.S. Dept of Housing & Urban Dev. Helena, MT	Larry Gallagher MT Field Office U.S. Dept of Housing & Urban Dev. Helena, MT
Hank Hudson Human & Community Services Division Administrator MDPHHS Helena, MT	Frank Kromkowski CDBG Program Community Development Div. MDOC Helena, MT	Gene Leuwer Rocky Mountain Development Council Helena, MT
Nancy Leifer Homeownership Program Manager MT Board of Housing Helena, MT	Maureen Martin Housing Assistance Bureau Chief Housing Division MDOC Helena, MT	Colleen McCarthy Executive Director Helena Housing Authority Helena, MT
Michael O'Neil MT Home Choice Coalition State Director A.W.A.R.E. Inc. Program Officer Helena, MT	Dave Parker Project Based Section 8 Manager Housing Division MDOC Helena, MT	Sheila Rice Neighborhood Housing Services / Montana Homeownership Network Executive Director Great Falls, MT
Mat Rude Multi-Family Program Manager MT Board of Housing Helena, MT	Ethan Stapp HOME Program Manager Housing Division MDOC Helena, MT	Neal Ullman CDBG Program Community Development Div. MDOC Helena, MT
Housing Div. / MT Board of Housing Promotion Manager MT Board of Housing Helena, MT		

The annual tax credit Qualified Allocation Plan information gathering meeting was held May 10-11, 2005 in Livingston, Montana. Nearly 90 participants discussed the QAP and made recommendations to changes for the 2006 QAP. Those recommendations were

brought forward at a hearing and presented to the MBOH board members for their consideration when making changes to the QAP for 2006.

MBOH staff from the Low Income Housing Tax Credit Compliance program held compliance training for all interested owners/managers of tax credit projects on September 20-21, 2005 in Helena. Annual compliance training is now required and this was the first presented by MBOH staff. Over 90 participants gathered to get updates and changes in the IRS compliance processes.

The MBOH Executive Director/Housing Division Administrator sits on the board of directors for the Montana Financial Education Coalition. The MFEC strives to improve the personal financial knowledge and decision-making ability of Montana citizens by promoting public awareness of the need for personal financial education, and by uniting and building capacity of financial education programs. MFEC's objectives include: (1) build public and private capacity to more efficiently and effectively deliver financial education; (2) promote unity among financial education stakeholders; and (3) raise public awareness of the need for personal financial education. The MBOH also hosts MFEC's the Web site:

<http://www.mtmfec.org/>

The state continues to expand its coordination with the private sector. Many banks, savings and loans, and other financial organizations involved in housing are interested in taking advantage of federally assisted housing improvement programs to meet their obligations under the federal Community Reinvestment Act (CRA). An ongoing example of CRA activity in Montana is the Glacier Affordable Housing Foundation (GAHF), formed by Glacier Bancorp, Inc. to assist low- and very low-income families in purchasing homes in Lewis and Clark, Flathead, Glacier, Lincoln, Sanders, and Lake counties. GAHF's Home Ownership Assistance Program established a permanent revolving loan fund for continuing homebuyer assistance, along with a commitment from the MBOH to provide low-interest, long-term financing. HOME and CDBG grantees have received approval to complete projects that leverage these foundation funds.

State housing and human service officials are playing an active role in the activities of the Montana Home Choice Coalition. The creation of this coalition enhances the mutual understanding of state housing and service officials as to the housing needs and desired housing choices of Montana citizens with disabilities. The coalition expects to enhance the housing opportunities of people and families with disabilities through this collaboration.

The MDOC supports and participates in the Montana Home Choice Coalition. The Home Choice Coalition advocates for and forms partnerships with agencies and financial institutions to provide homeownership, integrated community rental housing, supportive living housing, and other housing opportunities to people with disabilities or families that have members with disabilities living with them. The MDOC provided support of coalition activities to promote enhanced accessibility and Universal Design

features in housing. The coalition is a leader in the state in terms of linking the housing and disability service communities to better serve the housing needs of persons with disabilities to open up community living choices. The coalition's website is a tool for the housing and disability communities to better meet the housing needs of person with disabilities:

www.montanahomechoice.org

The Montana HomeOwnership Network (MHN) is a unique collaboration that has developed over the years in Montana to provide homeownership services to lower income families statewide. Realtors market homeownership to customers. The Neighborhood Housing Services (NHS) of Great Falls, the RC&Ds (Resource Conservation & Development Areas of NRCS/USDA), the Missoula Housing Corporation, the City of Billings, and WORD train potential homebuyers. Neighborhood Reinvestment, NHS's national affiliate, "trains the trainers" and the MBOH and USDA Rural Development provide first mortgages. Local lenders package the loans. NHS and the MBOH provide second mortgages for down payments and closing costs.

The HOME program promoted and assisted nonprofit organizations and other entities in applying for and receiving certification as community housing development organizations. Funding for CHDOs allocated in the plan year ended March 31, 2006 grant competition totaled 12 percent of the grant awards, or \$536,202. The total estimated cost of CHDO projects was \$9,910,943. Certified CHDOs include:

- Action for Eastern Montana, Glendive
- Bozeman Interfaith Housing II, Inc.
- District IV Human Resources Development Council, Havre
- District VII Human Resources Development Council, Billings
- District XI Human Resource Council, Missoula
- Flathead-Lake CHDO, Kalispell
- Glacier Affordable Housing Foundation, Kalispell
- Habitat for Humanity of Southwest Montana, Butte
- Lake County Community Housing, Ronan
- Missoula YWCA, Missoula
- Neighborhood Housing Services, Great Falls
- North Missoula Community Development Corporation, Missoula
- Ravalli Services Corporation, Hamilton
- Rocky Mountain Development Council, Inc., Helena
- Supporters for Abuse Free Environments, Inc., (SAFE) Hamilton
- A.W.A.R.E., Inc., Anaconda
- BSW, Inc., Butte
- District VI Human Resources Development Council, Lewistown
- District IX Human Resources Development Council, Bozeman
- District XII Human Resource Council, Butte
- Garden City CHDO, Missoula
- Great Northern Development Corporation, Wolf Point
- Elkhorn Housing Development Corporation, Helena
- Little Bitterroot Services, Plains
- National Affordable Housing Network, Butte
- Northwest Montana Human Resources, Inc., Kalispell
- Opportunities, Inc., Great Falls
- Regional Services, Billings
- Samaritan House, Kalispell
- Wolf Point Development Corp., Wolf Point
- Women's Opportunity & Resource Development, Inc. (homeWORD) Missoula

The plan year ending March 31, 2006 represented more of a continuation of local development corporations who function as the subrecipients and administrators of CDBG-ED projects and the subsequent revolving loan funds. Local development corporations are able to provide a broad range of business development services, which include financing and technical assistance programs. Recognizing the economies of scale and efficiencies in sharing resources, the state encourages CDBG-ED projects be administered by a community development corporation that is preferably regional in its scope of services, experienced in administering CDBG-ED projects, with a track record of community lending.

Since the inception of the CDBG-ED program as a stand-alone program in 1989, the number of revolving loan funds has proliferated. The number of RLFs created and dollars under management is voluminous. Approximately eight projects per year have been funded over the past 10 years, resulting in 48 RLFs across the state, a secondary result of providing a loan to a business with CDBG-ED funds, which has provided a positive cash flow for regional loan funds.

The MDOC encourages local governments to contract with a regional development organization that has been qualified as a Certified Regional Development Corporations (CRDCs). The legislative intent of the CRDC program is to encourage a regional approach to economic development that facilitates the efficient delivery of economic development programs by supporting regional capacity building. CRDCs are responsible for helping local officials, communities and businesses “assess, plan, and facilitate action” within their regions. CRDCs are required to have the support of all counties and a majority of the incorporated cities and towns in their region to obtain and maintain certification. CRDCs receive regional capacity building grants from the MDOC on an annual basis. CRDCs manage regional revolving loan funds and are subject to all requirements as outlined in the CDBG publication *CDBG Program Income and Revolving Loan Fund Manual*.

The MDOC oversees the Big Sky Economic Development Trust Fund that was created to aide in developing good-paying jobs for Montana residents and promoting long-term, stable economic growth in Montana. Earnings (interest only) from the trust fund are available for financial assistance to local governments and economic development organizations through application to the MDOC. Seventy-five percent of trust fund earnings are awarded annually to local governments in the form of grants and loans for economic development projects that create new qualifying jobs for Montana residents. The remaining 25 percent of trust fund earnings are awarded in the form of grants to support economic development planning activities by CRDCs and other local economic development corporations.

The MicroBusiness Finance program supports a statewide network of nonprofit agencies certified by the state to administer revolving loan funds lending directly to businesses in Montana. These loan funds make loans available for economically sound business projects that may be unable to obtain adequate commercial financing. Qualified applicants may borrow up to \$35,000 to start or expand their business. The

loan proceeds may be used for working capital and fixed assets. Credit decisions are based on a business plan noting repayment ability, a credit report, and management capability. Because the MBDC works closely with each applicant, criteria such as collateral and credit history are evaluated on an individual basis. Terms and conditions of each loan depend on the applicant's needs, the business plan feasibility, and the useful life of the collateral.

The MDOC is an active member of the Montana Economic Developers Association (MEDA), a statewide association of economic development professionals, including professional "lead" economic developers, business specialists, government employees, and staff members of affiliated nonprofit organizations that promote and foster economic development activities in Montana. MEDA is a private nonprofit organization created to increase the effectiveness of local economic development efforts by acting as a statewide resource for its membership.

MEDA sponsors educational seminars, workshops, and conferences to advance the economic development profession. It coordinates statewide economic development workshops that provide intense training for economic developers interested in obtaining professional certification. It conducts research to stimulate the interchange of ideas and experiences between individuals with mutual goals and interests. MEDA also develops network and communications systems to disseminate information and acts as a clearinghouse and contact point within Montana for other state, regional, national, and international economic development organizations and agencies.

W₂ASACT is a group of professionals from state and federal governments, and nonprofit organizations that finance, regulate, and/or provide technical assistance for infrastructure, principally drinking water and wastewater systems. Meeting bimonthly, W₂ASACT explores and coordinates a wide range of activities linked to improving the environmental infrastructure of local governments and unincorporated communities across Montana. W₂ASACT regularly sponsors and coordinates annual seminars statewide to explain the various financial programs and resources available to assist local governments in funding their infrastructure needs. Civil engineers, local government representatives, and technical assistance providers are invited to present comprehensive information regarding environmental infrastructure projects. W₂ASACT subcommittees address issues of community planning and environment regulation in order to streamline the application and project implementation process for small rural communities.

The Community Development Division continued its participation in W₂ASACT, facilitating coordination among Montana federal, state, and nonprofit organizations involved in funding, regulating, and assisting community infrastructure. The CDD continued to utilize a Uniform Application for public facility projects mutually developed and shared by W₂ASACT agencies.

The CDBG program participated in joint public facility application workshops in cooperation with the Treasure State Endowment Program, MDNRC Renewable

Resources Program, USDA Rural Development, INTERCAP, and MDEQ State Revolving Fund. These activities were carried out in cooperation with W₂ASACT.

The CDBG-ED Program works with many financing and technical assistance programs within the Business Resources Division: the network of Small Business Development Centers (SBDCs), which are jointly funded by the MDOC and the U.S. Small Business Administration (SBA); Business Location and Recruitment; the International Trade Office; Census and Economic Information Center; Regional Development; MicroBusiness Finance; and outside the division, the Montana Board of Investments programs and the Governor's Office of Economic Opportunity.

In addition, state and local program administrators work closely with the Montana Job Service under the MDOLI. The Job Service handles the application process and screening for low- to moderate-income levels. The MDOC continues to work with them to better serve the CDBG-ED program. The Job Service now focuses on serving employers through their statewide network of Business Advocates. The BRD will continue to coordinate with them on training and technical assistance activities.

Business Resources Division staff continues to participate at meetings and workshops with local development corporations, the federal EDA representative, USDA Rural Development personnel, and economic developers across the state through MEDA. The CDBG-ED program also recognizes that housing and infrastructure are key components tied to economic development. CDBG-ED works cooperatively with HOME and the CDBG public facilities and housing programs. CDBG-ED staff attends regularly scheduled W₂ASACT meetings. CDBG-ED staff continues to participate in the public involvement meetings for development of the Consolidated Plan.

I.F.2 FOSTER AND MAINTAIN AFFORDABLE HOUSING AND ELIMINATE BARRIERS TO AFFORDABLE HOUSING

The Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs was completed in 1998 and is now used by all the programs. The Uni-App Team expanded the application to include the environmental review section to be compatible with all participating agencies. The team continues to work on developing common compliance monitoring forms and procedures.

As discussed in I.D.1, the MDOC created the HCT to promote interagency cooperation and coordination. The members of the HCT meet several times per year and develop goals and objectives, share program information, identify housing activity, and develop ideas to pursue further coordination with individual housing providers and local organizations. The HCT participated in developing the *Housing Resource Directory*, the Uniform Application for housing programs, and joint workshops.

In 1996, the Housing Division and Montana Board of Housing created a Housing Working Group to review areas where regulations are adding to the cost of housing. Other areas the working group continues to address include the legislative process,

comprehensive planning and zoning, and subdivision standards. The working group developed, in conjunction with the MBIA, the MDEQ, and Fannie Mae, an affordable/energy efficient house plan book. The National Council of State Housing Agencies (NCSHA) presented the housing plan book, entitled *Montana Housing Solutions – Designing for Comfort & Quality*, with a top award. The plan book, which is a primer for first-time homebuilders, was well received by Montanans. The process for updating the book is being considered by the development committee.

Through the support of the Real Choice Systems Change Grant, Fannie Mae, and A.W.A.R.E., Inc., the Montana Home Choice Coalition formally convened in the summer of 2002. The coalition's mission is to create better community housing choices for all people with disabilities by working through a coalition of Montana citizens, advocates, providers, local, tribal, state and federal agencies, the housing finance community, realtors, and the home building industry.

The coalition, through its lead agency A.W.A.R.E., Inc., is focused on three general housing development goals: expanding homeownership to people with disabilities; creating Olmstead-related community housing solutions for people with disabilities currently residing in institutions; and creating Universal Design, fully accessible, community-integrated affordable apartments. The coalition is also actively engaged in advocating for additional resources targeted at the housing needs of people with disabilities, particularly those with very low incomes. In addition, the coalition is involved in technical assistance and education efforts aimed at building the capacity of the disability community to access mainstream housing resources and to engage directly or in partnership in housing development activity. The coalition will assist any individual or organization working to create better housing choices for Montana citizens with disabilities. Visit the coalition's website at:

www.montanahomechoice.org

I.F.3 PUBLIC HOUSING RESIDENT INITIATIVES

The Housing Division acts as the state PHA administering Section 8 tenant-based assistance. The MDOC does not own or directly manage public housing projects; therefore, the state has not undertaken any specific public housing resident initiatives.

I.F.4 LEAD-BASED PAINT (LBP) HAZARD REDUCTION

Montana, a rural area composed of three CDBG and HOME entitlement communities (Billings, Great Falls, and Missoula) and seven Native American Reservations with sovereign governments, has made progress in securing EPA-certified Inspectors, Risk Assessors, Supervisors, and Workers since the lead-based paint regulations for pre-1978 homes, known as Title X, Section 1012/1013, went into effect on September 15, 2000. Participating communities are beginning to find creative solutions to address LBP regulations. Even very rural towns have partnered with agencies that are able to conduct LBP risk assessments and clearance tests.

In 2000, Montana partnered with the Montana State University Extension Service to bring EPA-certified trainers from North Dakota to Montana to conduct two training seminars: one for LBP inspector and LBP risk assessor training and one for LBP supervisors and LBP workers. Many people attended the training; however, after careful consideration, over three-fourths opted not to continue the certification process. The reasons for their decision varied, but included travel restrictions, excessively high EPA certification costs, a very cumbersome certification process imposed by EPA and HUD, and the cost of liability insurance.

The MDOC promotes free training whenever it is offered in the state. However, early on, scheduled training was often cancelled due to perceived low enrollment. The continued cancellation of courses by HUD created a “credibility issue” and people interested in the training were reluctant to sign up for it because of the uncertainty involved. HUD did not seem to understand the difficulty in getting large numbers of people in one location for training due to the large geographic area and sparse population in Montana.

Better results have been achieved with the free training sponsored by the National Paint and Coatings Association (NPCA). This no-cost training program, which meets the HUD-EPA curriculum, is sponsored by the NPCA and is the result of a cooperative agreement between the NPCA and the individual states. For more information, go to:

<http://www.leadstettraining.org>

Based on the number of houses in Montana that were built in 1979 or before, it is estimated that there are nearly 285,500 Montana units at risk of containing lead-based paint. Although this is approximately 69 percent of the housing units in the state, it is important to note that one cannot assume all of these units contain lead-based paint and the presence of lead-based paint alone does not indicate the extent of exposure hazards. Education and awareness of the potential hazards and the need to properly maintain, control, and abate paint potentially containing lead is crucial.

The more populated areas of the state have workers trained in lead-safe work practices, qualifying them to work on rehab projects costing less than \$25,000. This covers most of the single-family rehabilitation projects conducted with federal funds. Rural areas of the state, where rehabilitation is often the largest part of housing strategies, remain under-prepared to address lead-based paint hazards. A significant portion of rehabilitation program budgets now goes to addressing LBP hazards.

The MDOC does not have a lead testing or abatement program in place at this time and does not plan to test or study housing units located in the state. However, for projects assisted with HOME or CDBG funds, grantees are required to ensure that the appropriate notification, inspection, testing, interim controls or abatement, and clearance activities are followed. In addition, the HOME and CDBG programs present information on the LBP regulations and lead-safe work practices at its application and grant administration workshops. Further, the MDOC promotes lead-based paint training whenever it is aware of it being offered in the state.

The state does have one accredited lead analysis laboratory, Northern Analytical Laboratories of Billings, which can perform analyses on paint chips, dust wipes, and soil. The state also has several individual contractors and a few companies certified to perform LBP activities within the state; however, coverage is spotty, and the construction industry and the persons involved in construction are constantly changing.

The HOME Program presents information on the LBP regulations and lead-safe work practices at its grant workshops. The MDOC continues to promote lead based paint training whenever it becomes aware of training being offered in Montana.

Lead in Montana

In Montana, some occupations have an increased risk of lead poisoning. Ammunition re-loaders can be exposed to lead dust from lead shot. People remodeling older homes can inhale lead dust when they disturb walls with lead paint. Those making stained glass can inhale the fumes from the hot lead solder. Children often are exposed to dust containing lead in older homes that have lead paint on the walls or when they play in soil contaminated with lead. Some areas of Montana have high lead levels in the soil or water because of a nearby smelter. Lead is also an air pollutant tracked by the EPA.

Butte and East Helena are two areas affected by historical industrial smelting. Both have lead screening programs in place for children and there are soil abatement procedures in areas of high concentrations. There was a coordinated Montana Lead Program from 1994 to 2001. This statewide program has been discontinued due to lack of funding. Active lead screening and abatement programs, however, continue at some local health departments. Lab results of blood lead levels from around the state continue to be reported to the MDPHHS.¹⁰

Lead poisoning is a reportable condition, and all blood lead levels over 10 ug/dL, the Centers for Disease Control cutoff for action, must be reported to MDPHHS. Unfortunately, there is no mandate to ensure that lead testing is conducted. Adults who work in lead processing industries and children in low-income households or who live or play in pre-1950 housing should be tested for lead poisoning. In Montana, less than 0.1 percent of the children under six years of age have been screened for lead poisoning. CDC recommends that children be tested for lead at 12 months and at 24 months of age. Among children less than six years of age who had been screened for lead from 2000 to April 2004, 2 percent had a high blood lead level (88 children). Among adults screened in 2004, 1 percent had a high lead level (2 adults).¹¹

¹⁰ For more information, contact the Montana Department of Public Health and Human Services Web site at <http://www.dphhs.mt.gov/epht/lead.shtml>

¹¹ **DRAFT** *Measures of Environmental Health in Montana*; Montana Department of Public Health and Human Services Environmental Public Health Tracking Program; March 2005:
www.dphhs.mt.gov/epht/measures%207.22.pdf

I.F.5 ANTIPOVERTY STRATEGY

Montana has a high proportion of families who live near the official poverty level. It is the goal of the state to assist these families to improve their standard of living and escape poverty. The state utilizes a number of strategies to accomplish this goal.

Montana is committed to utilizing employment as a primary strategy for poverty reduction. The state has a well-coordinated employment and training system, which ensures that resources for advancement through employment, such as the Workforce Investment Act, Temporary Assistance for Needy Families (TANF), and state resources such as higher education and economic development, are available to low-income families. Administrators of these programs meet regularly to ensure coordination and results.

The state of Montana operates Families Achieving Independence in Montana (FAIM) to provide temporary assistance for needy families.¹² The FAIM Project serves all political subdivisions in the state. In Montana, three tribes, the Confederated Salish and Kootenai on the Flathead Reservation, the Fort Belknap Indian Community, and the Chippewa Cree at Rocky Boy's, have chosen to implement a tribal TANF plan. The TANF cash assistance program provides job readiness preparation, supportive services, and case management; vigorously pursues child support; and assists in the development of community resources as a means to help families reach self-support.

TANF cash assistance program participants are considered eligible for Medicaid coverage if they meet Medicaid eligibility requirements. Adults have Basic Medicaid coverage; minor children, pregnant women, and disabled individuals receive full Medicaid coverage as stated in the Montana Medicaid State Plan. Participants are also considered categorically eligible for Food Stamp Program benefits.

Services funded with TANF funds include:

- cash assistance for the purchase of basic needs such as food, clothing, housing and personal care items.
- work supports such as transportation, vehicle repair, and items that assist individuals in continuing employment or becoming employed.
- education and training, excluding tuition.

The state provides a series of work supports to stabilize families as they increase their skills and seek better employment, including TANF, food stamps, energy assistance, health care, childcare, housing assistance, and advocacy.

¹² For more information, contact the Montana Department of Public Health and Human Services, Human and Community Services Division, or go to the Web site at:
www.dphhs.mt.gov/aboutus/divisions/humancommunityservices/relatedtopics/index.shtml

The Executive Branch is committed to a comprehensive approach to poverty reduction. Agencies serving low-income families have been included in a series of economic development activities. The governor has supported a comprehensive effort to end chronic homelessness in Montana.

Additionally, on May 17, 2006, the governor announced a \$1.5 million demonstration project aimed at improving the economic security of low-income families. The project will be funded with part of a “high-performance bonus” the state received for its success in facilitating employment for people who get cash assistance through the TANF program. The project will be administered by the MDPHHS and will help communities develop innovative services designed to help low-income families who currently receive TANF cash assistance or who have been recipients in the past year. Services will provide tools to improve financial literacy and build personal assets. The MDPHHS issued a request for proposals for services that include, but are not limited to:

- A comprehensive curriculum to increase families’ knowledge of finances, including credit options, tax incentives, savings benefits, and lending issues.
- A strategy for financial asset development for such options as home ownership and individual development accounts.
- A curriculum that trains individuals on starting a new business; and education or training in high-demand employment fields.

SECTION G - HOUSEHOLDS AND PERSONS ASSISTED

The state of Montana, excluding the entitlement areas of Great Falls, Billings, and Missoula, delivered housing services and programs to a significant number of households and individuals from April 1, 2005 through March 31, 2006. However, a comprehensive count of the number and types of households assisted with housing by the HOME and CDBG program during the plan year is difficult to obtain since the two programs have disparate tracking and reporting requirements in IDIS.

The Montana HOME program assisted 340 households in the areas of rental assistance and home ownership assistance. In total, 190 households were reported as receiving some type of rental assistance, either tenant based rental assistance (TBRA) or rental housing. Another 150 received homeownership assistance, either rehabilitation for existing homeowners or down payment and closing cost assistance for homebuyers.¹³

Existing homeowners received rehabilitation assistance to bring their property up to decent, safe, and sanitary conditions. The HOME program reported 50 households assisted with some type of rehabilitation, with 15 (30 percent) of the households having an income at or below 30 percent of AMI. Additionally, 100 households, including 33 at 50 percent or less of AMI, were able to purchase their own homes after receiving down payment or closing cost assistance or both.¹⁴

The Montana CDBG program reported serving 345 households¹⁵, with some type of housing assistance, including rental housing, homebuyer assistance, and homeowner rehabilitation for the period April 1, 2005 through March 31, 2006. All of the persons and households assisted during the plan year had incomes at or below 80 percent of area median, as required by regulation.

The MDOC Tenant Based Section 8 Housing Assistance Program reported that of the 3,803¹⁶ households receiving assistance:

- 306 were identified as having an elderly head of household;
- 1,100 were single-person households;
- 1,293 were small, related, non-elderly households (2-4 people);
- 238 were large, related non-elderly households (5+ people);
- 2,947 households for which the income level was reported had incomes 50 percent or less of the area median
 - o 2,358 of those households had incomes at 30 percent or less of the area median;

¹³ IDIS CO4PR23 Report, Program Year 2005 Summary of Accomplishments

¹⁴ *Ibid.*

¹⁵ *Ibid.*

¹⁶ The income level for some households was not available because the households came on the Section 8 program before income targeting was implemented.

- 1,096 special needs households received Section 8 rental assistance
 - o 878 of the special needs households had incomes at 30 percent or less of the area median.

An accurate count of homeless households receiving assistance is difficult to obtain. Many shelters only count the number of meals served or the total number of shelter nights. This can result in families and individuals being counted several times based on how long they remain at a shelter. However, for the 2006 Homeless Population and Subpopulations Chart, the MT CoCC reported that on the evening of January 31, 2006, 422 unduplicated homeless persons (individuals and members of homeless families) stayed in emergency shelters and another 375 stayed in transitional housing. This included 48 homeless families with 127 children (175 persons) in emergency shelter. An additional 66 families with 130 children (196 persons) stayed in transitional housing.

The state does not have specific goals for the delivery of housing programs and services to social and ethnic minorities and does not track assistance goals in this manner. However, the incidence of program support for minorities surpasses their respective share of the statewide population.

PART II - ASSESSMENT OF ANNUAL PERFORMANCE

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SECTION A - EFFECTIVENESS OF STATE'S PERFORMANCE

II.A.1 STATE'S EFFECTIVENESS IN MEETING ONE-YEAR (2005-2006) PROGRAM OBJECTIVES

Housing

Housing needs across Montana vary widely. There is a broad array of housing availability, affordability, and suitability issues across the state. Extreme diversity in available housing, age of housing stock, and overall range in population density complicate assessments of degree and type of need. Resources are not adequate to address all housing needs and requirements throughout the state.

As a state agency administering housing programs, the MDOC does not prescribe to local governments and CHDOs the priority needs within their communities because the needs identified and prioritized at the state level may not retain a similar priority rating for implementation at local levels. All needs in Montana are great. The statewide priority need levels described in the Housing Priority Needs Table represent only a general indication of needs throughout Montana.

Faced with the overwhelming demand for affordable housing, the state implemented programs and delivered resources to in-need populations around Montana, in an attempt to continually minimize the state's housing needs. No single objective has the same priority in all of Montana's communities. Likewise, no single action can meet the specific housing objectives of any given

Montana Housing Priority Needs Summary Table 2005 – 2010						
Household Type		MFI Range	Priority Level	Census 2000 Households	2010 Households	
Renters	Small Related	0% - 30%	H	7,210	7,716	
		31% - 50%	M	6,765	7,240	
		51% - 80%	M	9,357	10,014	
	Large Related	0% - 30%	H	1,480	1,584	
		31% - 50%	M	1,630	1,744	
		51% - 80%	M	2,425	2,595	
	Elderly	0% - 30%	H	4,938	5,496	
		31% - 50%	M	5,027	5,595	
		51% - 80%	M	3,887	4,326	
	All Other	0% - 30%	H	10,265	10,775	
		31% - 50%	M	8,579	8,966	
		51% - 80%	M	10,222	10,773	
	Owners	0% - 30%	H	15,656	16,755	
		31% - 50%	M	22,561	24,145	
51% - 80%		M	42,193	45,155		
Special Populations	0% - 30%	H	11,823	12,648		
	31% - 50%	M	12,047	12,887		
	51% - 80%	M	13,988	14,974		
Total Goals	The MDOC is not able to estimate the number of households that will be assisted throughout the state during the planning period.					
Total Households	0% - 80%		N/A	152,195	162,878	
Total Households	All income levels		N/A	358,585	383,754	
The state has determined these priorities based on households, not housing activity, at the <u>statewide</u> level. It is up to each locality, through more detailed local analyses, studies and needs assessments, to determine its own area(s) of highest need. The state reserves the right to make a determination of local need based on local analyses, studies and needs assessments, which may override the state's priority level.						

community. Nevertheless, the MDOC committed to moving forward with the following housing objectives and actions during the program year.

➤ **Objective:** *Provide homeownership opportunities to low- and moderate-income households throughout Montana.*

- The HOME program made funds available for homebuyer programs throughout the state. In program year 2005, the HOME program awarded six grants totaling \$1,766,099 for homebuyer assistance. The grants are expected to assist 104 first-time homebuyers around the state. In addition, the program allocated \$60,991 in ADDI funds to Montana's three entitlement communities, Billings, Great Falls and Missoula, which do not receive ADDI funds from HUD. HOME continued to provide funding for previously awarded rehab grants as well.
- The MBOH continued to make bond funds available to assist approximately 1,150 low- to moderate-income homebuyers each year with \$125 million in low interest rate loans.
- The MBOH continued to operate the Mortgage Credit Certificate (MCC) program, which began operation in April 2003. During the first year, \$500,000 in credit authority assisted 23 eligible homebuyers and the MBOH anticipates this will continue to grow for each of the next five years.
- The MBOH continued to make funds available through the Single Family Recycled Mortgage Program to lower income persons and families who do not have the financial capabilities to purchase safe and sanitary housing through other single-family programs. The MBOH expects to make approximately \$20 million available for financing to 190 very low-income families per year.
- The MBOH continued to make funds available through the Disabled Accessible Affordable Home Ownership Program to provide architecturally accessible homes for persons with permanent disabilities and mobility impairments. The MBOH expects to finance 156 homes with nearly \$10 million in recycled mortgage funds over the five-year period.
- The HOME and CDBG programs made funding available for housing rehabilitation programs throughout the state. In program year 2005, the HOME program awarded one housing rehabilitation grant for \$183,667. HOME continued to distribute funds for previously awarded rehab grants as well.
- The HOME and CDBG programs continued to encourage leveraging funds with weatherization programs administered throughout the state.
- The HOME and CDBG programs continued to require projects to conform to federal and state energy efficiency standards.
- The HOME program required homebuyer education classes for all homebuyers assisted with HOME funds as a condition of receiving the funds.

- The MDOC collaborated on obtaining funds for organizations that provide homebuyer training and helped to strengthen a statewide partnership for homebuyer education and counseling, including all seven Indian Reservations.
- The MDOC continued to explore creative means to deliver homebuyer training in rural areas, increasing the use of web casts and video conferencing for homebuyer education, especially in remote areas.
- The MDOC continued increase awareness of and monitor the level of predatory lending practices by supporting legislation to reform the payday and title loan industry, including participating in the Montana Alliance for Responsible Finance and the Montana Financial Education Coalition.
- The MDOC continued to support the Section 8 Homeownership Voucher program. To date, 10 agencies are authorized to participate in the program and 18 households around the state have been assisted.
- The MBOH coordinated with educational institutions to facilitate technical construction, weatherization and home-improvement courses.
- The MDOC supported private foundations committed to leveraging federal dollars for affordable housing throughout the state.
- The MDOC continued to support programs such as the Montana House™ a partnership between the MBOH, the Anaconda Job Corps, and private nonprofit housing providers around the state. Since April 2005, four Montana House™ homes have been completed by the Anaconda Job Corps, which plans to build at least six houses per year. Three of the homes have been located in Great Falls; the fourth house is scheduled to be moved onto the Blackfeet Reservation during the summer of 2006.

The MBOH and the Blackfeet Tribal College are in the process of signing an agreement that would allow the college to produce Montana House™ units for use on the Blackfeet Reservation, providing needed housing units and training college students in construction skills. The Job Corps program in Darby, located in the southwest corner of the state, is also interested in participating in the Montana House™ program.

➤ **Objective:** *Improve the quality and availability of affordable rental housing for low- and moderate-income households.*

- HOME funds were used to rehabilitate existing and construct new rental housing. The program awarded five grants totaling \$2,397,320 to construct or rehabilitate rental housing with a total of 122 HOME-assisted units. HOME continued to distribute funds to previously awarded rental project as well.
- Funds were used to preserve rental units subject to expiring HUD or 515 Rural Development contracts to ensure these units continue to remain viable, affordable units.

- LIHTC program funds were used to construct or preserve rental housing. Annual authority is estimated at \$2,125,000 plus any inflation factor the IRS may calculate, which provides an equity infusion of approximately \$15 million per year for production of affordable housing.
- The Section 8 housing choice voucher program provided essential rental subsidy to very low- and low-income Montanans.
- The MBOH offered permanent mortgage financing for affordable rental housing in partnership with HUD's Risk Sharing Program, which provides mortgage loan insurance.
- The MBOH offered permanent mortgage financing through its General Obligation Program, which issues tax-exempt bonds to finance projects that do not have mortgage insurance.
- The MDOC supported the Mountain Plains Equity Group, Inc. (MPEG). The MBOH joined with the North Dakota Housing Finance Agency and the Wyoming Community Development Authority to form the MPEG. The purpose of the investment group is to support the development of affordable multi-family housing in communities throughout the tri-state area. Smaller projects, particularly in rural communities, can be expensive and difficult for housing authorities, nonprofit entities, and other developers to put together. MPEG is expected to ease the development of multi-family housing. MPEG is structured as a nonprofit corporation to make investments in LIHTC projects and potentially historic tax credit projects.

➤ **Objective:** *Provide housing options for the elderly and special needs populations.*¹⁷

- The MBOH marketed and supported the Reverse Annuity Mortgage Loan Program, which enables Montana homeowners over 68 years old to provide for their own in-home support by utilizing cash from a reverse annuity mortgage.
- The MDOC addressed the perceived need for assisted living housing for the elderly by commissioning a study on elderly housing issues in rural areas. The study, *A Guide to Assessing Senior Assisted Living Needs in Your Community*, can be accessed at:

http://housing.mt.gov/Hous_CP_SrHsg.asp

- HOME and CDBG funds were used to develop projects targeted to physically, developmentally and mentally disabled households.
- MDOC funds were used for group living and homeownership opportunities for persons with severe and disabling mental illness (SDMI) and other disabilities, especially through cooperation with the Montana Home Choice Coalition.

¹⁷ HUD defines special needs households as a household where one or more persons have mobility impairments or disabilities, i.e., mental, physical, developmental, persons with HIV/AIDS; or with alcohol or other drug addiction that may require housing with supportive services.

- The MBOH made funds available through the Disabled Accessible Affordable Home Ownership Program to provide architecturally accessible homes for persons with permanent disabilities and mobility impairments. The MBOH expects to finance 156 homes with nearly \$10 million in recycled mortgage funds over a five-year period.
- The MDOC continued to support education regarding universal design and accessibility requirements in order to increase the number of accessible multi- and single-family units available.

➤ **Objective:** *Affirmatively further fair housing and implement objectives and actions identified in the Analysis of Impediments to Fair Housing¹⁸.*

- All HOME and CDBG grantees are required to abide by fair housing laws and take actions to provide housing services and programs free of discrimination.
- Records were maintained reflecting the analysis and actions taken, if applicable.
- Steps were taken to improve the understanding of fair housing law and proper construction practices by:
 - Improving the general public's understanding of fair housing law through outreach and education;
 - Exploring the feasibility of incorporating homebuyer training at the secondary education level; communicating how credit markets work, how to avoid credit problems, and defining predatory lending practices; and
 - Continuing to publish and distribute fair housing educational materials and guides.
- Steps were taken to enhance coordination among member of Montana's affordable housing community by:
 - Encouraging partnerships among the disabled community, housing developers, builders, and other housing providers.
 - Increasing the MDOC's role as an information clearinghouse by including additional information on the Housing Division website:
 - Montana Landlord/Tenant Law;
 - Federal and Montana fair housing laws; and
 - ADA and 504 design and construction standards.
 - Providing a list of "housing rights, fair housing advocates, legal assistance, and other resources" as a "featured resource" on its Web page:

<http://housing.mt.gov/index.asp>.

¹⁸ *Analysis of Impediments to Fair Housing and Housing Choice*, Western Economic Services, LLC, November 2004.

Originally developed as a component of the *Montana Housing Resource Directory*¹⁹, the listing provides basic information on where citizens can find assistance for issues relating to housing rights, fair housing, legal issues, etc.²⁰

- **Objective:** *Decrease housing environmental hazards, such as lead-based paint, asbestos.*

The programs:

- Enforced all applicable federal and state environmental laws;
- Presented information on the LBP regulations and lead-safe work practices at its application and grant administration workshops;
- Continued to require the appropriate notification, inspection, testing, interim controls or abatement, and clearance activities are followed; and
- Continued to promote lead-based paint training when available in the state.

- **Objective:** *Continually improve the efficiency of the MDOC housing programs.*

- Marketed the resources available to acquire, build, preserve, or rehabilitate affordable housing units by continuing the participation of the HOME and CDBG program staff in joint affordable housing application workshops each year. Other participating programs include the MBOH Low Income Housing Tax Credit Program and USDA Rural Development Housing Programs. Three workshops were held around the state: Glendive, Helena and Havre.
- The HOME program worked on revising the allocation procedure for homebuyer assistance and homeowner rehabilitation in order to simplify and maximize the efficiency with which HOME funds are allocated and to ensure that they are being leveraged to the greatest extent possible.
- The CDBG program encouraged the use of housing funds as part of an overall neighborhood or community renewal effort.
- The MDOC utilized technical assistance providers with an emphasis on community needs assessment and project development. Staff members of each MDOC program continued to market the programs and educate potential participants in the programs. The CDBG program provided capacity building training and other technical assistance to local governments. This training relates

¹⁹ *Montana Housing Resource Directory*, Montana Department of Commerce, January 2006; http://housing.mt.gov/Hous_CP_HsgResDir.asp

²⁰ The material included in the directory is not intended as legal advice or as a promotion or guarantee of the reliability or appropriateness of programs, businesses and individuals listed or linked. In certain instances, readers of the directory may want to consult with legal counsel. The Montana Department of Commerce assumes no liability for the content of information provided in the directory or the content of links listed in the directory.

to general community planning, capital improvement planning, providing affordable housing, fair housing education, and environmental compliance.

- The MDOC promoted training opportunities in housing construction as part of an overall economic development strategy that specifically targets training to at-risk populations, such as residents of Indian Reservations; participants in the Job Corps, and inmates in the prison system.

Other Actions

- The MDPHHS in concert with the Governor's office and other state agencies initiated a new program entitled Warm Hearts, Warm Homes in November 2005. This program was designed to assist in making information available to all Montanans to help them identify all programs that could benefit them. A new website was developed and published with the Governor's objective of advertising available resources and enlisting "Neighbor to Neighbor" community involvement. This website has information about weatherization, saving energy, and other resources to find help for your family, and to how help others to help stay warm. Montana's 10 HRDCs became key contacts for outreach and for making referrals to various programs. This assistance was viewed as important in helping people remain in their own homes.
- The MDOC continued the work of Housing Coordinating Team, which has helped the program staff to better understand each of the programs and how they work together, as well as areas where the programs do not work well together. The HCT, as an advisory group, has helped facilitate statewide coordination in delivery of housing services.
- The HOME Program has certified 31 CHDOs, significantly increasing nonprofit housing development capacity within the state. Twelve percent, or \$536,201, of the HOME funds were awarded to three CHDOs for the plan year ended 2005.
- HOME funds support the housing objectives in a variety of ways: HOME grantees construct new affordable units to increase the housing stock; and offer down payment and closing cost assistance to increase the ability of low-income households to purchase homes and finance housing maintenance, improvements, and energy efficiency measures.
- The HOME program requires recipients to complete homebuyer education before receiving down payment and closing cost assistance.
- HOME staff participates in application workshops and Consolidated Plan public meetings to promote the program and conducts outreach to local governments and organizations in all areas of the state whenever possible.

- All documentation associated with the HOME Program (application guidelines, administrative manuals, etc.) are now available on the MDOC's website in several formats.
- Like the other MDOC housing programs, CDBG staff participates in housing application workshops, Consolidated Plan meetings, and promotes the CDBG program.

Homelessness

- B-1. Secure available resources for persons requiring supportive and transitional services;
- B-2. Assist persons requiring supportive and transitional services to achieve permanent housing;
- B-3. Assist in meeting the supportive services needs for the homeless;
- B-4. Assist in securing stable funding sources for existing homeless facilities and services;
- B-5. Continue to support the statewide continuum of care strategy to ensure emergency, transitional, and permanent housing; and
- B-6. Actively support and participate in the Montana Council on Homelessness.

The state of Montana was selected in January 2003 to participate in a Federal Homeless Academy "Improving Access to Mainstream Services for People Experiencing Chronic Homelessness" held in May 2003. The Academy is a collaborative effort of the U.S. Departments of Health and Human Services, Housing and Urban Development, and Veteran Affairs that brings together teams of policymakers from various states and technical assistance providers to identify best practices for ensuring that the homeless have access to mainstream resources such as SSI, TANF, Medicaid, food stamps and mental health services.

A team consisting of representatives from the Governor's office, the legislature, state agencies, local advocates, and the Continuum of Care attended this comprehensive learning and planning session held in Chicago. With a vision statement "to provide the state-level leadership and coordinated effort that will end chronic homelessness by 2010," the team developed an Action Plan consisting of four priorities:

PRIORITY I: Coordinate Services: Establish the necessary leadership to create a sustainable structure and improve the coordination of homeless services statewide.

PRIORITY II: Case Management: To improve and strengthen effective Case Management of homeless.

PRIORITY III: Mobilize Resource: Access all available resources and identify where new resources can make a critical difference.

PRIORITY IV: Outreach: Create new outreach effort and leverage current outreach efforts to increase enrollment of hard-to-reach chronic homeless individuals.

The Montana Continuum of Care Coalition has created funding for 202 new permanent housing units with supportive services and 258 transitional housing units with supportive services for homeless individuals and families. The MT CoCC conducts the only statewide effort to identify “needs” through an annual homeless survey, updates an inventory of homeless resources every year and continues to bring homeless providers together from across the state to leverage and coordinate statewide efforts to maximize resources and eradicate homelessness.

Emergency Shelter Grant

Montana’s 10 HRDC provide services directly or through subcontract relationships for those facing emergency situations.

Economic Development

The CDBG-ED Program met its projected one-year goals for the development of economic activity in Montana in the following ways:

Objective 1. *Increase viable economic development projects that promote investment of private capital, expansion of local tax bases, and creation of permanent year-round jobs principally for low- and moderate-income Montanans.*

For program year 2005, the CDBG-ED program expects to create 173 jobs, of which 126 jobs will be held by LMI. The majority of projected jobs will be made available to LMI. Of those local governments awarded funding, there is over a 2.17:1 match of private and public funding.

Objective 2. *Increase economic activity that adds value to a product through manufacturing, refining, processing or packaging, especially those activities that involve Montana’s natural resources.*

Of the eight business loans awarded, seven were made to manufacturing companies, and involved Montana’s natural resources; for example, Precision Woodworks builds customized cabinets with Montana lumber.

Objective 3. *Increase economic activity that creates new wealth in Montana by selling the majority of its products outside of Montana, by effectively substituting goods previously produced outside of Montana with goods produced in Montana, or by distributing Montana-made goods.*

All businesses assisted sell their products outside of Montana. For example, the Intercontinental Truck Body sells custom-made truck bodies for the U.S. military, and Midway Rental and Equipment sells used construction equipment in Montana and neighboring states.

Objective 4. *Increase service companies such as consulting, engineering, or other companies that sell their services predominantly (greater than 50 percent) outside of Montana.*

All assisted businesses offer services to Montana and out-of-state clients. For example, Rocky Mountain Biologicals conducts bovine research that can be used by any agricultural area, and Link Communications develops and sells customized radio systems to emergency response organizations.

Objective 5. *Allow local communities to identify their own needs and develop their own initiatives.*

Through CDBG-ED planning grants, 15 local governments received financing to further economic development initiatives, such as Valley County to develop an ethanol facility.

Objective 6. *Assist businesses and communities in achieving prosperity by using program resources to leverage other private and public resources.*

CDBG funds were leveraged by private and public funding 2.17:1. Over the past five years, CDBG funds have been leveraged by over \$12 in outside funding for every CDBG dollar invested.

Businesses and communities received technical assistance from MDOC staff while developing their community goals. Through the Business Resources Division, five Regional Development Officers worked within their designated territories (see map on page 117) to provide one-on-one financial counseling with local development organizations and small businesses, assisting with their financial and development needs and providing resources and information on various state and federal programs.

Objective 7. *Assist micro-enterprise development through technical assistance funding.*

The CDBG-ED program, through a Memorandum of Understanding, provided \$61,000 in technical assistance funding to the Small Business Development Center for its Small Business Innovation Research/Small Business Technology Transfer Program, and to the Micro-Business Development Program to provide technical assistance activities for small business development.

Objective 8. *Assist new and expanding businesses with employee training needs.*

Six of the nine awards made by the CDBG-ED Program included grants for job training. Customized training is an eligible activity under the Montana CDBG-ED program and a category that requires a minimum wage for employees. Employees that have completed their training will receive at least \$12.60 per hour. For example, the City of Poplar applied for funding on behalf of two businesses, A&S Diversified and Fort Peck Tech, to train employees in computer and light manufacturing skills.

Objective 9. *Assist communities and small businesses in gaining access to federal funding for research and development (R&D) through the state of Montana Small Business Innovation Research (SBIR) program.*

The CDBG-ED program, through a Memorandum of Understanding, provided \$61,000 in technical assistance funding to the Small Business Development Center for its Small Business Innovation Research/Small Business Technology Transfer Program, and to the Micro-Business Development Program, to provide technical assistance activities for small business development.

Objective 10. *Place a priority on projects that create higher paying jobs.*

The CDBG-ED program discourages proposals that involve assistance to businesses such as hotels, motels and retail operations, except under mitigating circumstances, because of the lower quality of jobs and the high likelihood of competition with existing local businesses. Projects may be eligible where certain mitigating circumstances exist and support by other competing local businesses can be documented; i.e., a grocery store in a small town in a sparsely populated area where there is no other competition.

Objective 11. *Fund more high-technology businesses and manufacturing operations, including value-added agricultural products, based on current demand.*

CDBG-ED awarded funding to eight projects that included high technology businesses and manufacturing operations, including value added agricultural product companies. Rocky Mountain Biologicals, a high technology business, conducts bovine research for biotech production.

Objective 12. *Help create over 200 jobs per year, of which more than 51 percent will be held by or made available to low- and moderate-income persons.*

Assisted businesses expect that awards made within this program year will create 173 jobs, of which 126 will be held by qualified LMI. The majority of jobs created will be made available to LMI, which will result in a much higher benefit to LMI persons.

Objective 13. *Leverage \$12 to \$13 of other funds for each \$1 of program funds.*

Proposals awarded funding this program year are providing 2.17:1 match for CDBG-ED funds. Over the last five years, private and public funding has matched CDBG-ED funds over 12:1.

Infrastructure and Public Facilities

Infrastructure needs across Montana vary widely. As a state agency administering non-housing community development programs, the MDOC does not prescribe to local governments the priority needs within their communities because the needs identified and prioritized at the state level may not retain a similar priority rating for implementation at local levels. All needs in Montana are great. The statewide priority

need levels described in the Non-Housing Community Development Priority Needs Summary table represent only a general indication of needs throughout Montana.

NON-HOUSING COMMUNITY DEVELOPMENT PRIORITY NEEDS SUMMARY STATE OF MONTANA - FIVE YEAR PLAN 2005 – 2010			
PRIORITY COMMUNITY DEVELOPMENT NEEDS	PRIORITY NEED LEVEL High, Medium, Low, No Such Need	ESTIMATED DOLLARS NEEDED TO ADDRESS (in millions)	ANTICIPATED DOLLARS AVAILABLE TO ADDRESS IN FISCAL 1996 (in millions)
INFRASTRUCTURE IMPROVEMENT	H	\$1,612	
Solid Waste Disposal Improvements	H		
Waste Water Needs	H		
Water System Improvements	H		
Other Infrastructure	M		
PUBLIC SERVICE NEEDS	M	\$1,045	
PLANNING	M		
OTHER COMMUNITY DEVELOPMENT NEEDS	M		
Lead-Based Paint/Hazards	M		
ECONOMIC DEVELOPMENT NEEDS	H	\$2,619	
TOTAL PRIORITY NON-HOUSING COMMUNITY DEVELOPMENT NEEDS	M	\$5,276	\$6.5
The state has determined these priorities at the statewide level for non-housing community development. It is up to each locality to determine its own area(s) of highest need. The state reserves the right to make a determination of local need based on local analyses, studies and needs assessments, which may override the state's priority level			

Faced with the overwhelming demand for non-housing community development, the state will implement programs and deliver resources to in-need populations around Montana, in an attempt to continually minimize the state's non-housing community development needs. No single action can meet the specific non-housing community development objectives of any given community. Nevertheless, the MDOC is committed to moving forward with the following non-housing community development objectives and actions.

- **Objective:** *Provide community and development opportunities to low- and moderate-income residents and strengthen communities within the state.*
 - The CDBG program provided annual planning grants to identify overall community development and housing and neighborhood renewal needs necessary to get a project under way or to conduct other important community planning activities such as preparing or updating a comprehensive plan or growth policy; preparing a neighborhood redevelopment plan; preparing a preliminary engineering or architectural report, capital improvement plan, or similar planning studies needed to help a community address critical needs.
 - The CDBG program provided technical assistance to communities to encourage them to access CDBG funding and to ease compliance with the federal regulations tied to CDBG funding.

- The CDD marketed the resources available to build affordable infrastructure/public facilities by continuing to participate in the W₂ASACT public facility workshops. The workshops are designed to familiarize local governments with federal and state low interest loan and grant programs that are available to assist local government and water and sewer districts with financing for water, sewer, and solid waste improvement projects. At least two workshops per year will be held in different parts of the state.
- The CDBG program supported the other programs administered by the Community Development Division of the MDOC, which are critical to assisting local governments in meeting their infrastructure needs.
 - In May 2004, the Treasure State Endowment Program received 47 applications from counties, cities and towns, tribal governments, and water and sewer districts for construction project grants. The 2005 Legislature awarded construction grants to 40 applicants totaling almost \$16 million. Over \$76 million in matching construction grants has been awarded to more than 200 projects since 1993. The MDOC also awarded grants to 33 applicants, totaling \$600,000, in order for them to prepare preliminary engineering studies.
 - The Montana Coal Board has been an active participant with local governments in coal-impacted areas. During 2004 and 2005, 19 grants were awarded to local governments, totaling over \$1.4 million.
 - The Hard Rock Mining Impact Board has been active assisting local governments to mitigate the fiscal impacts on local government services and facilities due to new large-scale hard rock mining development.
- The CDD actively participated in other W₂ASACT activities, including:
 - Updating the *Uniform Application for Montana Public Facility Projects*, the streamlined, common application form it developed in 1997 that is used by six state and federal public facility funding programs in Montana;
 - Making the on-line version of the *Uniform Application* more “user friendly”;
 - Utilizing a uniform method of tracking project expenditures for infrastructure projects funded by multiple agencies;
 - Regularly updating a listing of infrastructure projects throughout Montana and the funding sources and amounts involved in the projects;
 - Presenting and distributing a 12-minute video that explains the basics of funding a public facilities project and a second 18-minute video that describes the process of the completing an infrastructure project from beginning to end;
 - Utilizing a standard supplemental conditions section that is used in bid documents that is acceptable to all federal and state public facility funding programs in Montana;
 - Creating a common environmental review process that would be acceptable to all programs;

- Conducting out-reach to tribes;
- Providing annual workshops throughout the state on planning, financing, and constructing infrastructure projects. In particular, members of W₂ASACT participated in a two-day infrastructure workshop conducted specifically for Montana's tribes.
- Attending bi-monthly W₂ASACT meetings to coordinate common issues.
- Continuing to fully award all CDBG public facility and planning grant funds.

In the area of infrastructure financing, the CDD continued its participation in the W₂ASACT, facilitating coordination among all Montana federal, state, and nonprofit organizations involved in funding, regulating, and assisting community infrastructure. The CDD continued to utilize a Uniform Application for Public Facility Projects mutually developed and shared by W₂ASACT agencies.

In addition, the CDBG program met its projected goals for infrastructure and public facilities in Montana in the following ways:

- The CDBG program provided planning grants to local governments annually to assist them to identify overall community development and housing needs necessary to get a project under way. The funds can also be used to conduct other community planning activities such as preparing or updating a comprehensive plan or growth policy, preparing a neighborhood redevelopment plan, preliminary engineering or architectural report, capital improvement plan, or similar planning studies needed to help a community address critical needs.
- The CDBG program provided technical assistance to communities. In addition to the significant technical assistance provided by the planning grants described above, CDBG program staff continually provides technical assistance to local governments developing local projects and provide technical assistance in the actual administration and implementation of CDBG-funded activities. Substantial assistance in the initial development of projects is provided by the sponsorship of grant application workshops held in conjunction with the other W₂ASACT agencies and housing funding programs.
- The CDBG program awarded all CDBG public facility funds as part of the annual grant competition.

Housing Opportunities for Persons With AIDS

The tri-state HOPWA program completed the first three-year grant cycle on June 29, 2005. The grant was renewed for an additional three-year period. For the year ended June 29, 2005, the Missoula AIDS Council and the Yellowstone AIDS Project reported serving 52 people with HIV/AIDS and 38 other household members. The programs were able to provide case management and referral services to more than 200 people. The programs work closely with other partners to provide resources to enable individuals to gain the services needed to remain living independently.

SECTION B - PROPOSED ACTIONS RESULTING FROM ASSESSMENT OF ANNUAL PERFORMANCE

One of the best ways to facilitate the development of housing is through education and technical assistance. Many people perceive the array of housing programs and regulations as too complex or too foreign to master. The MDOC is determined to expand its role in providing technical assistance to local jurisdictions to explore and accurately determine the degree and type of local needs and educate people on the programs available. This will help more groups qualify for housing programs and help them better understand the requirements of those programs.

The **HOME Program** committed to analyzing its competitive grant allocation process to ensure that it meets the strategic needs of the MDOC to disburse scarce funds throughout the state for a variety of activities. At the same time, the allocation process needs to be equitable to all communities and as straightforward as possible so that every community has equal access to the program.

The role of the state will expand in the areas of providing and interpreting information that assists localities in determining and quantifying their housing needs and problems and identifying alternative solutions to those problems. The MDOC intends to expand educational outreach activities so that additional information and education is provided concerning fair housing, as well as landlord and tenant rights and obligations.

Because of the continual turnover of officials and staff of local governments and nonprofit community organizations, technical assistance and training are long-term recurring needs. The **Community Development Division** will continue to provide financial support, training, and technical assistance to Montana counties and municipalities, local elected officials and staff, nonprofit organizations, private sector developers, consultants, and private citizens. Other entities needing assistance and support include local government planning boards and planning departments, community development corporations, human resource agencies, county water and sewer districts, Tribes, rural fire departments, and housing authorities.

Financial and technical assistance provided involves housing and public facilities project planning, financing, and management; community needs assessment, planning, and growth management; and mitigation of impacts associated with the growth or decline of coal and hard rock mining development.

The CDD will continue to coordinate its technical assistance efforts with the regional workshops conducted by the interagency W₂ASACT and the Housing Coordinating Team in order to achieve maximum efficiency and effectiveness.

The **Business Resources Division** will continue to provide support and technical assistance to local jurisdictions and revolving loan fund managers with loan documentation, financial analysis, and project administration. The BRD's economic development programs, especially the Small Business Development subcenters, the

MicroBusiness Development Corporation network, the Regional Development Program, and the CDBG-ED program, continue to cooperate in coordinating and sharing resources that are beneficial to assisting local governments and businesses across the state.

According to Jim Nolan, ESG program manager, "The **ESG** has functioned well since its inception. Funds are made available to local community based groups who utilize local planning processes to involve homeless providers in the most practicable strategy for individual communities. The only thing limiting ESG from being more successful is the extremely limited amount of funds we receive from HUD."

The Montana **HOPWA** programs have been active in servicing their communities and continue to participate fully providing much needed services. The Missoula AIDS Council and Yellowstone AIDS Project work well with their partners within the community and are well on the way to meeting the goals for the current year for both the HOPWA and HOPWA Plus grants. Montana State University works with the MDPHHS in providing technical assistance and gathering data to support the progress of the programs. Both MAC and YAP have begun using the Homeless Management Information System for their annual progress reports, a vital step in improving the efficiency of data collection and effectiveness in reporting.

Members of Montana's **Continuum of Care Coalition** have a commitment to working with various segments of the homeless population. One of those segments that has proven to be the most intractable is the chronically homeless; those who have been continuously homeless for a year or more or have had four episodes of homelessness in the past three years. Although the problem of chronic homelessness may not be as acute in Montana as in more urban areas, it remains a stubborn obstacle to eradicating homelessness. The federal government agrees. The departments of Veterans Affairs and Health and Human Services and HUD have instituted a number of academies designed to bring decision-makers from local, state and federal agencies and organizations together to work on a concerted effort to address chronic homelessness.

In 2003, Montana applied for participation in one of these academies, "Policy Academy for State and Local Policymakers on Improving Access to Mainstream Services for People Experiencing Chronic Homeless," and was accepted. A team consisting of representatives from the Governor's office, the Legislature, state agencies, local advocates, and the Montana Continuum of Care Coalition attended a comprehensive learning and planning session this spring to develop this plan. One of the major components of this effort was to ensure that the chronically homeless have access to mainstream services and that local homeless providers can coordinate these services as they apply to HUD for homeless assistance funding.

As result of the Policy Academy, Governor Judy Martz announced an initiative to combat homelessness in Montana. On May 7, 2004, she established the Montana Council on Homelessness and released the report, *Homeless in Montana*, which can be accessed at:

According to the report, trends over the past few years have shown a consistent increase in the number of homeless people in Montana. During the annual point-in-time survey of the homeless, interviewers identified 2,097 homeless Montanans in January 2005 and 2,311 in January 2006.

The reasons for homelessness are complex, but may include mental illness, substance abuse, co-occurring disorders, domestic abuse, lack of training and education, lack of access to living wage jobs, and other factors, or complicated combinations thereof. A third of Montana's homeless have less than a high school education. Extreme poverty, a general lack of low-income housing, and the cost of rent are also common reasons for homelessness.

As a result of the Montana Policy Academy and in response to the growing problem of homelessness in Montana, then-Governor Judy Martz issued an Executive Order in June 2004, establishing the **Montana Council on Homelessness** (MTCoH). The MTCoH was structured to establish vital links among the efforts and resources of state and federal agencies, communities, tribes, nonprofits, and others. The MTCoH is charged with developing a 10-year plan to eradicate chronic homelessness in Montana and with addressing this multi-faceted issue through policy, protocols, recommendations for legislation and the creative use of new and existing resources. For more information on the MTCoH, go to:

www.MTCoH.org

The needs of the homeless cross many service system boundaries, beginning with the most basic human needs. The MTCoH will examine solutions to the root causes of homelessness through overarching changes in state policy, including treatment availability for substance abuse and mental illness, enhancing direct serve providers' ability to write acceptable SSI applications for the mentally ill homeless, enhancing discharge practices, ensuring resources for wrap-around, client-centered services coupled with housing, adding to the affordable housing pool, and other strategies. A number of efforts have taken place in support of these efforts. Some of them include the following.

- The MTCoH applied for and was accepted to participate in the SSI/SOAR initiative. As a result, a team of three trainers (Marcia Armstrong, Statewide PATH Manager, Michelle Thibodeau, DDS Bureau Chief, and Sherrie Downing, Coordinator of the Montana Council on Homelessness) is now equipped to provide the SOAR Road to Recovery Training to case managers. Five trainings have been held to date, reaching approximately 120 case managers, with monthly trainings in various cities scheduled for the foreseeable future. This initiative has resulted in an unprecedented partnership among PATH, DDS, the Social Security Administration, the MTCoH, and providers across the state. The outcomes anticipated will be expedited SSI applications for homeless mentally ill persons.

- The report, *No Longer Homeless in Montana*, including the draft 10-year plan and sequel to the 2004 report, is scheduled for a June 2006 release date.
- A website for the MTCoh has been created and maintained.
- An active, and growing, listserv reaches approximately 250 stakeholders with a periodic MTCoh e-News Update. The e-News Update has been used as a national model.

Montana applied for, and was chosen, to attend the last formal Policy Academy on Homeless Families with Children and Unattended Youth in November 2005. A team of nine attended, including representatives from MDPHHS, the Montana Board of Crime Control, the MTCoh, the Office of Public Instruction, the Tumbleweed Program for Runaway and Homeless Youth (which manages foster care transition for Montana), Rimrock Foundation, the Head Start Association, the Children's System of Care, and Healthcare for the Homeless. The planning session yielded a draft plan to begin addressing homeless families with children, which will be coordinated with overarching strategies and strategies specific to addressing chronic homelessness.

II.B.1 TECHNICAL ASSISTANCE

Prepared by the Center for Applied Economic Research at Montana State University-Billings, the purpose of the *Economic and Demographic Analysis of Montana* is to provide current data and analysis for two primary uses: first, for the MDOC in preparing Montana's Consolidated Plan; and second, for communities and other organizations that apply for federal funds from the HOME and CDBG programs for housing projects, public facilities, and economic development activities. This data may also be useful to other entities in need of statewide or county level analysis of economic, demographic, and housing trends.

Volume I of the *Economic and Demographic Analysis*²¹ presents and analyzes economic data by county for Montana including income and poverty data from the U.S. Census Bureau, employment, earnings and income data from the U.S. Bureau of Economic Analysis (BEA), and labor force statistics from the Montana Department of Labor and Industry and the U.S. Bureau of Labor Statistics.

Volume II of the *Economic and Demographic Analysis*²² presents an analysis of Montana demographic data by county. These statistics include 1990 and 2000 Census population data as well as current population estimates. Certain social characteristics

²¹ *Economic and Demographic Analysis of Montana - Volume I, Economic Profile*, Center for Applied Economic Research, Montana State University-Billings, January 2006;
http://housing.mt.gov/Hous_CP_Econ_Demographic_Analysis.asp

²² *Economic and Demographic Analysis of Montana - Volume II, Demographic Analysis*, Center for Applied Economic Research, Montana State University-Billings, November 2005;
http://housing.mt.gov/Hous_CP_Econ_Demographic_Analysis.asp

such as gender, age and race, population living in group quarters, marital status, veteran status, and school enrollment are also examined.

Detailed data on the disabled population in Montana is presented in the appendix to Volume II²³, including detailed statistics of disability counts by county and cities with a population of 5,000 or more from Census 2000.

Volume III of the *Economic and Demographic Analysis*²⁴ presents Montana housing statistics by county using 1990 and 2000 Census data, including (a) the year the structure was built, (b) the number of units in the structure, (c) the number of rooms per structure, (d) the occupants per room, and (e) the number of structures lacking complete plumbing or kitchen facilities. Census 2000 homeownership rates are analyzed as well. The Census forecast of 2001, 2002, 2003, and 2004 housing units is also presented as well as historical new construction permit data. Current year data on total monthly housing costs are calculated including mortgage payment or rental payment, property taxes, insurance cost and utility costs. These costs are compared to median family income to determine affordability. In addition, historical information on housing prices is presented.

Using data from NPA Data Services, Inc., the *Economic and Demographic Databook* looks at six areas of interest for each county in Montana, including: historic and forecast population; historic and forecast earned and unearned income; historic and forecast earnings by industry; total population by age cohorts, male population by age cohorts; and female population by age cohorts.

The *Montana Housing Resource Directory*²⁵ includes descriptions of a variety of federal, state, and local housing programs available in Montana. New to the directory this year is a section on "Housing Rights, Fair Housing Advocates, Legal Assistance, and Other Resources". The directory and associated reference guide are meant to provide an overview of the available programs along with contact information.

The following documents and studies have been prepared or updated in support of the Consolidated Plan and other programs and are used in the planning process:

²³ *Economic and Demographic Analysis of Montana - Volume II Appendix, Disability Data*, Center for Applied Economic Research, Montana State University-Billings, November 2005;

http://housing.mt.gov/Hous_CP_Econ_Demographic_Analysis.asp

²⁴ *Economic and Demographic Analysis of Montana - Volume III, Housing Profile*, Center for Applied Economic Research, Montana State University-Billings, December 2005;

http://housing.mt.gov/Hous_CP_Econ_Demographic_Analysis.asp

²⁵ *Montana Housing Resource Directory*, Montana Department of Commerce, January 2006;

http://housing.mt.gov/Hous_CP_HsgResDir.asp

▪ <i>Capital Improvements Planning: A Strategic Tool for Planning and Financing Public Infrastructure</i> ²⁶	2006
▪ <i>Economic and Demographic Analysis of Montana - Volumes I, II, III</i> ²⁷ ..	2005/2006
▪ <i>Economic and Demographic Databook</i> ²⁷	2006
▪ <i>Economic Benefits of MDOC Housing Programs</i> ²⁷	2005
▪ <i>Montana Housing Condition Study</i> ²⁷	2005
▪ <i>Montana Housing Needs Assessment</i> ²⁷	2005
▪ <i>Montana Housing Resource Directory</i> ²⁷	2005
▪ <i>Senior Housing in Rural Montana</i> ²⁷	2006
▪ <i>2003 Price of Housing Study in Montana</i> ²⁷	2004
▪ <i>Analysis of Impediments to Fair Housing and Housing Choice</i> ²⁷	2004
▪ <i>Homeless in Montana: a Report</i> ²⁸	2004
▪ <i>Building It Right – A Public Facilities Construction Administration Manual</i> ²⁶ ..	2004
▪ <i>Survey of Water, Wastewater, and Solid Waste Facility Rates in Montana</i> ²⁶ ..	2003
▪ <i>Location of Growth in Montana</i> ²⁶	2002
▪ <i>County Bridge and Road Capital Improvement Planning and Financing Manual</i> ²⁶	2001
▪ <i>Planning & Financing Community Water & Sewer Systems in Montana</i> ²⁶	1997
▪ <i>Inventory of Water and Wastewater Needs for Unincorporated and Non-District Areas in the State of Montana</i> ²⁶	1996
▪ <i>Inventory of Infrastructure Needs</i> ²⁶	1995

The Rural Community Assistance Corporation (RCAC) and Rural Collaborative were not as active during the year ended March 31, 2006 as they have been in the past. In the past, the participation in workshops by the technical assistance providers has been invaluable to the HOME program and the continued viability of successful **HOME** projects. They have brought specialized knowledge and broad housing experience to the state. The HOME Program looks forward to working more closely with its TA providers in the coming year.

In cooperation with the MDOC's **Census and Economic Information Center (CEIC)**, the **CDBG** program initiated a project to map low- and moderate-income areas within

²⁶ Contact the MDOC, Community Development Division, at (406) 841-2770 for information on these publications.

²⁷ Contact the MDOC, Housing Division, at (406) 841-2820 for information on these and other publications or access the documents through the Housing Division website at: http://housing.mt.gov/Hous_CP_HsgEconDemRptsStats.asp

²⁸ Contact the MDPHHS, Human & Community Services Division at (406) 444-4260 for this publication or access it through the following website: www.mtcoh.org/MTCohMinutesProductsandMaterials.htm

Montana counties based upon information developed by HUD from the 2000 Census. This information will be of great value to local governments as they identify areas within their jurisdictions where special financial needs exist among lower income residents for infrastructure improvements, affordable housing, economic development, and provision of all types of related public services.

For each county, the percent LMI figures (based upon percent of low- and moderate-income persons as determined by HUD) will be mapped for all Census Designated Places (CDPs), incorporated cities and towns, and remainder areas. The detailed spreadsheet that will accompany the LMI map contains LMI percentages for each incorporated City or Town, CDP, and Remainder Areas by Census Block Group.

The MDOC also continued to administer a technical assistance planning grant program funded by **CDBG** monies used to assist communities with housing, public facility, and economic development activities. The **CDBG-ED** program set aside \$225,000 for technical assistance grant activities. This set aside was available to local governments for planning activities, which resulted in 15 new technical assistance contracts. The Small Business Development Center received \$35,000 for technical assistance activities in support of outreach, counseling, training, and technical assistance to small businesses, and \$26,000 was allocated to the MicroBusiness Development Corporation program for small business technical assistance.

The **CDBG-ED** program staff provides ongoing technical assistance to 48 CDBG-funded revolving loan funds across the state. The MDOC encourages local governments to contract with a regional development organization that has been qualified as a **Certified Regional Development Organization**. The CRDC program has twelve designated CRDCs across Montana providing revolving loan fund management, and technical assistance to small businesses.

Regional Development Officers from the **Business Resources Division** will continue to provide one-on-one technical assistance to local governments and small businesses for economic development financing, and access to state and federal financing programs.

II.B.2 REFINEMENT OF INSTITUTIONAL STRUCTURES

The MDOC completed the Annual Action Plan for the plan year ending March 31, 2007 and continued its ongoing effort to make the planning process and resulting documents more user-friendly, readable, and concise. The consolidated plan documents are available on the Internet for interested parties to read and download:

http://housing.mt.gov/Hous_CP_Apps.asp

Many supporting documents are also available at:

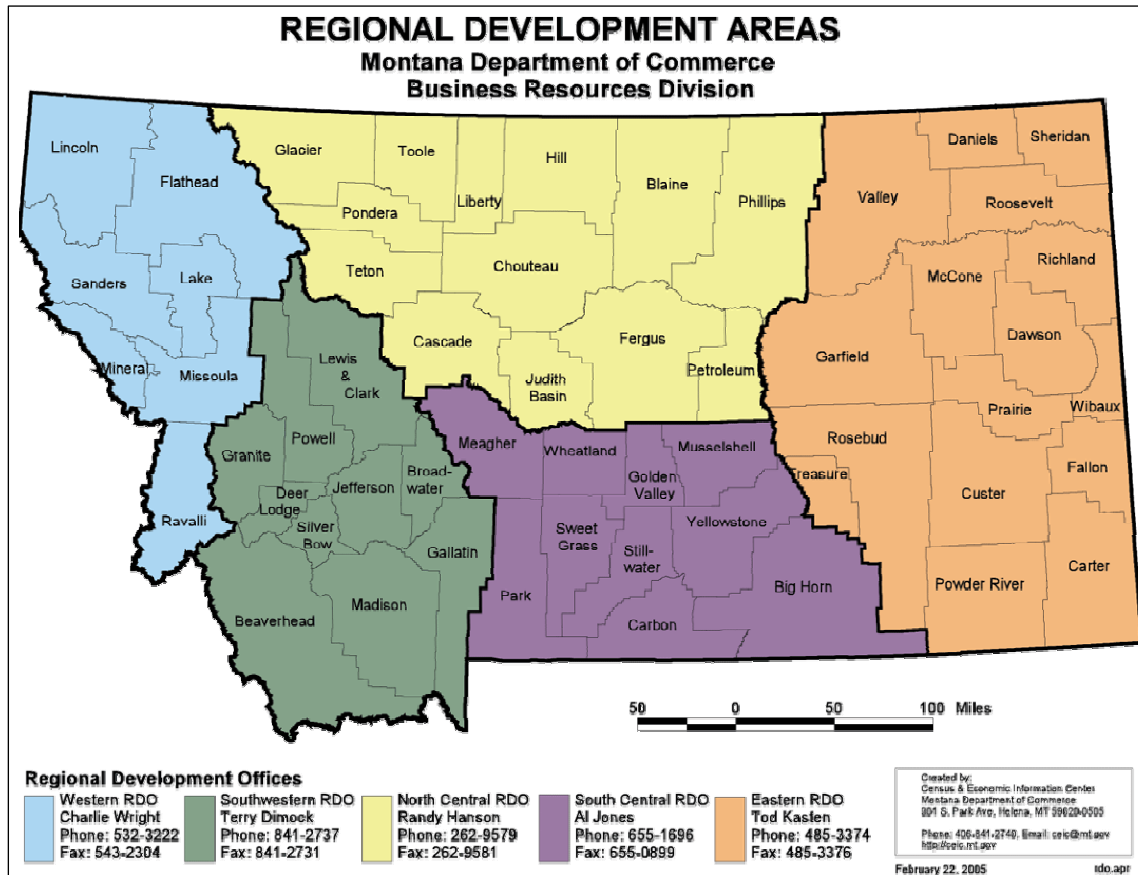
http://housing.mt.gov/Hous_CP_HsgEconDemRptsStats.asp

The MDOC, through the **Housing Coordinating Team**, continues to identify areas where further communication and cooperation is needed, and identify gaps in the institutional provision of services. HOME, CDBG, and MBOH workshops include a “how to” technical assistance component and participation in statewide housing meetings and local housing meetings will continue.

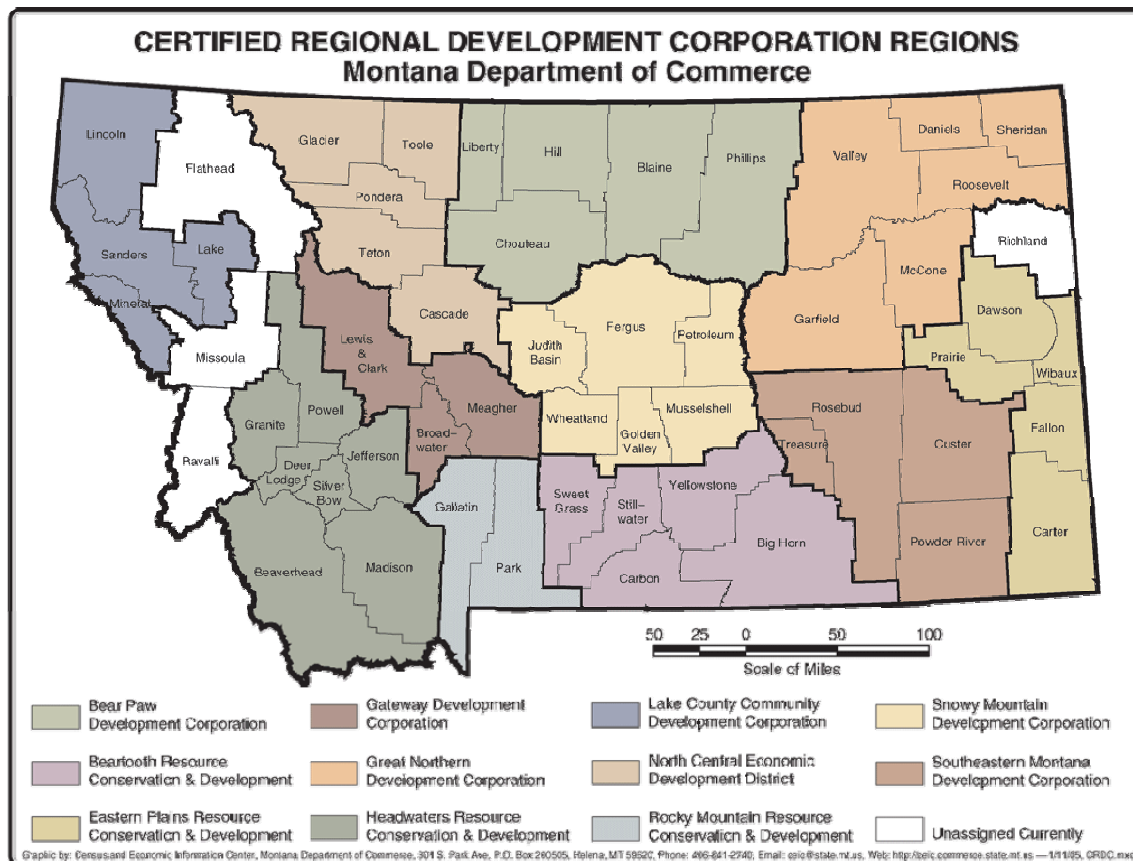
The MDOC and MDPHHS support of and participation in the **Montana Home Choice Coalition** resulted in better linking of housing policy and disability services policy in creating community living opportunities for people with disabilities. These efforts will expand as the state, through the MDPHHS, continues to implement initiatives to fulfill its U.S. Supreme Court Olmstead decision-mandated obligation to create community living opportunities for people with severe disabilities currently residing in institutions and the housing needs of persons in institutions are better understood by state housing officials. In addition, general housing opportunities incorporating the housing and supportive service needs and choices of people with disabilities will be better realized. Montana citizens with disabilities experience a significant homeownership gap in comparison to the general public. The Home Choice Coalition Home Ownership initiative is expected to contribute to enhanced home ownership opportunities for people with disabilities across the state. The Home Choice Coalition advocates for and educates on the concept of Universal Design and the related concept of visitability as a standard for publicly subsidized housing in Montana. Through education and technical assistance, the Coalition expects to expand the supply of affordable housing that can be used by the maximum number of Montana citizens across the age and ability spectrum.

The **Montana Council on Homelessness** will focus high-level policy on homelessness in Montana. The MTCoh will need to work in collaboration with MDOC housing officials to coordinate better access to mainstream housing and service resources to impact homelessness in Montana. The MTCoh is expected to facilitate the creation of new solutions across agencies and programs.

CDBG-ED program and the **Business Resources Division** will continue to expand their role in providing technical assistance in the field and through this effort, more accurately determine the degree and type of local need in community and economic development. (See following map of Regional Development Areas.) The MDOC recognizes that more outreach in education and building the capacity of communities to apply for and administer CDBG-funded projects and revolving loan funds is an ongoing need. In addition to CDBG-ED staff, the CRDCs, and the RDOs provide ongoing technical assistance to Montana’s small businesses, give guidance to local governments in their community development efforts, and provide the capacity to maintain regional revolving loan funds.



The **Certified Regional Development** program encourages local governments to contract with a regional development organization that has qualified as a Certified Regional Development Organization. The program has designated twelve CRDCs across Montana. (See following map of the CRDC regions). CRDCs manage regional revolving loan funds. It is the intent of this program to have CRDCs provide experienced guidance to local governments in their community development efforts and to provide the capacity to maintain regional revolving loan funds.



II.B.3 ISSUES STIMULATING POLICY REFINEMENT

In the 1999 and 2001 Montana Legislative sessions, and the 2000 Special Session, the Legislature passed several laws that will have positive impacts on communities regarding economic development, housing, and public facilities.

Housing

House Bill (HB) 57 transferred into the Affordable Housing Revolving Loan Account \$500,000 from the Section 8 administrative fee account.

HB 273 transferred authority to use \$3,500,000 of Temporary Assistance to Needy Families (TANF) funds for affordable housing through the Affordable Housing Revolving Loan Account. In August 2002, the \$3.5 million was reduced to \$700,000 during a special legislative session.

Senate Bill (SB) 350 allowed an income tax credit for individuals and corporations for direct contributions to the Housing Revolving Loan Account.

Homelessness

The MTCoh approached and has begun working with the city of Billings, which has the largest documented homeless population in the state, to begin addressing homelessness at the local level. Three planning sessions have been held; an initial two-day session in November 2005 and a follow-up in March 2006. The result was the creation of a Mayor's Commission on Homelessness (to be named in May 2006) that will begin work that parallels the work taking place at the state level. The MTCoh will provide technical assistance and expertise to implement strategies that focus on ending chronic homelessness in Billings. These strategies will be instructive for identifying and addressing some of the policy issues that play into homelessness.

The MTCoh is sponsoring an Executive Planning Process request for inclusion in the Governor's budget, to provide the means to offer intensive case management and housing to approximately 45 chronically homeless persons annually.

The MTCoh has been working with the MDOC to restructure the Affordable Housing Trust Fund so that it has sustainable funding, and provides for a full continuum of housing needs, including addressing the housing needs of those living on 0 to 30 percent of the area median. This group includes virtually all of the homeless population.

The MTCoh has been examining creative means to utilize TANF funds to prevent homelessness, by providing one-time-only resources geared to keeping people in their homes rather than ending up homeless because of a particularly large power bill, a car breakdown, or a lost job.

Infrastructure and Public Facilities

Community Planning and Growth Management

Montana's local government planning law encourages communities to develop growth policies (also known as comprehensive plans or master plans) to guide development in their jurisdictions and coordinate policies relating to land use, housing, economic development, and public facilities. Growth policies can be implemented through the adoption of zoning ordinances or capital improvements programs and construction. Montana's CDBG program for housing and public facilities supports the preparation of local growth policies through planning grants that are awarded annually on a competitive basis. Grants were awarded up to \$20,000, which were matched by local funds unless the applicant was able to demonstrate financial hardship.

Thirty-three (33) eligible applications were submitted in the spring of 2005 for the FFY 2005 planning grants that totaled \$291,700. Twenty-three (23) local governments received CDBG grants to conduct planning activities and related studies. The applications recommended for funding were (in ranked order):

FFY 2005 CDBG PLANNING GRANT AWARDS		
Local Government	Project Description	Funding Amount
Glacier County	Growth policy	\$ 15,000
Mineral County	Growth policy	\$ 15,000
Town of Bainville	Capital improvements plan, needs assessment, & grant writing	\$15,000
City of Helena	Preliminary architectural report for youth center	\$ 7,000
Powell County	Housing plan and grant writing	\$10,000
City of Choteau	Growth policy	\$14,400
Town of Ennis	Street improvement plan, mini-capital improvements plan update and zoning ordinance update	\$15,000
City of Lewistown	Preliminary architectural report for Boys and Girls Club of Lewistown	\$13,200
Madison County	Growth policy	\$15,000
Cascade County	Growth policy and mini-capital improvements plan	\$15,000
City of Poplar	Preliminary architectural report for housing improvements and grant writing	\$ 7,500
Town of Alberton	Capital improvements plan, grant writing, and needs assessment	\$11,050
City of Chinook	Growth policy	\$10,800
Flathead County	Growth policy	\$15,000
City of Kalispell	Kalispell core area revitalization assessment and housing survey	\$15,000
Liberty County	Growth policy and mini-capital improvements plan	\$10,250
Rosebud County	Preliminary architectural report for Boys and Girls Club of the Northern Cheyenne Nation	\$15,000
Stillwater County	Capital improvements plan and road inventory & evaluation	\$15,000
Town of West Yellowstone	Preliminary architectural report for senior citizens center	\$15,000
Meagher County	Preliminary architectural report for castle mountain apartments, income survey & grant writing	\$12,000
Richland County	Growth policy	\$15,000
Town of Virginia City	Master development plan map	\$ 3,000
Town of Whitehall	Community needs assessment, capital improvements plan, income survey, and grant writing	\$12,500

Economic Development

According to local officials, the cost of preparing planning studies often presents a serious obstacle for communities with limited resources. The CDBG-ED program is able to play a unique role in assisting Montana communities because of its ability to offer planning grants to local governments. These grants were available for a variety of planning activities, including the initial planning necessary to develop a CDBG-ED project, or to prepare an economic development strategy, or similar planning efforts needed to help a community address critical needs.

For program year 2005, MDOC set aside \$164,000 of CDBG funds from the economic development category for planning grants. Applications were accepted on a first-come, first-serve basis until all CDBG-ED planning grant funds were committed.

Local governments could propose that CDBG-ED technical assistance funds be used for preparing plans, studies, analyses, or research related to economic development such as:

- Community growth policies (previously referred to as “master or comprehensive plans”), particularly the economic conditions component. CDBG-ED Planning Grants can also be used to update an existing comprehensive plan to meet criterion for local government “growth policies” as described in Senate Bill 97 passed by the 1999 Legislature (76-1-601, MCA).
- Community needs assessments, action plans, or implementation strategies.
- Income surveys necessary to complete a CDBG-ED application.
- A Comprehensive Economic Development Strategy (CEDS) required for the U.S. Economic Development Administration.
- Downtown revitalization studies, redevelopment plans, urban renewal plans, and historic preservation studies. CDBG-ED planning grants can be used as match for architectural design assistance from the School of Architecture at Montana State University.
- Feasibility studies, preliminary environmental assessments used for grant applications, or Preliminary Architectural Reports (PARs) for reuse of underutilized, empty or abandoned buildings, industrial or manufacturing facilities. (Contact the MDOC for a PAR outline.).
- Funding applications for economic development projects (should not be the only planning activity proposed in the application).
- Preliminary Engineering Reports (PERs) or related activities normally associated with preliminary engineering such as surveys, studies and data collection in support of an economic development project only. (Contact the MDOC for a PER outline.)

CDBG-ED planning grants were available in amounts up to \$15,000. Local governments had to provide a match on a 50-50 basis that would be firmly committed by the time CDBG-ED funds were released. Firm loan commitments, such as funds borrowed from another state or federal program or from a local bank, were acceptable forms of match. Grants or other cash contributions from other local, state, or federal agencies or programs or private foundations were also acceptable forms of match. The CDBG-ED program funded 15 new technical assistance activities.

Funding of \$35,000 was used for technical assistance activities under the Small Business Development Center, and the Small Business Innovation and Research, and \$26,000 was allocated to the MicroBusiness Development Corporation program.

FFY 2005 CDBG-ECONOMIC DEVELOPMENT PLANNING GRANT AWARDS		
Locality	Project Description	Funding Amount
City of Havre	Assessments by Sweetgrass Development, Bear Paw Development, Two Rivers Economic Growth, & Whitefish Chamber of Commerce to document the need for Amtrak passenger service in Montana, through a series of town meetings held in Glasgow, Havre, & Whitefish.	\$ 4,836
Town of Chester	Feasibility study to determine the viability of constructing a utility-scale wind project in Liberty County that would add to the regional economy and help support Montana's tax base. The study will analyze the availability of wind resources and transmission and distribution lines in the area and identify a likely buyer for the project output. The project has the potential to use a clean, renewable resource to generate electricity.	\$ 10,000
Broadwater County	Conduct a feasibility study to evaluate which of at least 5 sites in the county would be suitable for industrial or business park development. This is an essential part of an overall plan to increase business activity, wage and skill levels, and property tax revenues.	\$ 15,000
City of Lewistown	Complete a preliminary architectural report and related recycling studies for Snowy Mountain Industries. The preliminary architectural report and recycling studies will determine a suitable location and develop a financial plan for the proposed recycling facility.	\$ 13,000
Ravalli County	Complete a preliminary architectural design for a biotech and biomedical enterprise center outside of Hamilton.	\$ 15,000
Hill County	Complete a master plan for the Hill County fairgrounds as a second phase in the multi-purpose center feasibility project.	\$ 15,000
Madison County	Create a local cattle brand that markets meat products processed and packaged in or near Madison County	\$ 5,000
Lake County	Create a 5-year planning document for the Western Rural Development Region.	\$ 8,000
City of Sidney	In conjunction with the university, conduct a study to identify, evaluate, develop, and improve barley, wheat, and durum grains now grown in Montana for ethanol production	\$ 10,000
Meagher County	Complete a feasibility study for an industrial park to be located in Meagher County.	\$ 9,000
Valley County	Conduct planning for the development of an ethanol facility design, site identification, feasibility study and business plan.	\$ 14,000
City of Malta	Hire an architect to draft a preliminary architectural report for a dinosaur museum.	\$ 14,000
City of Shelby	Complete a feasibility study for development of an industrial park south of Shelby.	\$ 9,164
Town of Eureka	Conduct a study to develop a stewardship education and planning project to support two potential mills, and to produce a cost analysis for improving the town's road infrastructure.	\$ 14,000
Flathead County	Complete an engineering study for the development of a value-added wood products industrial park in Columbia Falls.	\$ 8,000
SBDC / MBDC	The Small Business Development Center (SBDC): \$35,000 for outreach, counseling, training, & technical assistance to small businesses MicroBusiness Development Corporation (MBDC): \$26,000 for small business technical assistance.	\$ 61,000

SECTION C PERFORMANCE MEASUREMENT

In September 2003, HUD issued *CPD Notice 03-09* regarding performance measurement. In the notice, HUD strongly encouraged each CPD formula grantee, which includes Montana's HOME, CDBG, and ESG programs, to develop and use a performance measurement system. In addition, it described the need for HUD to begin to show the results of the federal dollars spent on the activities funded by the CDBG, HOME, and ESG programs. On June 10, 2005, HUD published the *Notice of Draft Outcome Performance Measurement System for Community Planning and Development Formula Grant Programs* in the Federal Register. The final rule was published in the March 7, 2006 Federal Register. As described in the Federal Register, the proposed outcome performance measurement system should enable HUD to collect information on the outcomes of activities funded with CPD formula grant assistance and to aggregate that information at the national, state, and local level.

In preparation for the new system, MDOC staff attended HUD's web cast on the proposed performance measurement system in June 2005. HOME staff attended HUD's feedback session in San Francisco in July 2005, provided comments on the proposed rule in September 2005, and attended training sessions sponsored by the National Council of State Housing Agencies (NCSHA) and the Council of State Community Development Agencies (COSCDA) in January 2006. The CDBG and HOME programs has begun to update forms and to work with the entities it funds to ensure that adequate information is collected at the local level so that it can be entered into IDIS. Staff from the CDBG, ESG, and HOME programs will attend one of the performance measurement training sessions offered in June 2006 to gain more knowledge about the system.

The MDOC and MDPHHS anticipates that each project or activity funded by the HOME, CDBG, and ESG programs will fall under one of the three objectives, which relate back to the statutory purposes of the programs:

1. Creating a Suitable Living Environment
2. Providing Decent Housing
3. Creating Economic Opportunities

For each objective selected for a specific project, one of three outcome categories that best reflects what is expected to be achieved by funding that activity will be chosen. The three outcome categories are:

1. Improving Availability or Accessibility
2. Improving Affordability
3. Improving Sustainability

The three objectives are combined with the three outcome categories to come up with a matrix of nine outcome statements (see the Outcome Statement Matrix, following).

OUTCOME STATEMENT MATRIX			
	Outcome 1: Availability or Accessibility	Outcome 2: Affordability	Outcome 3: Sustainability
Objective 1: Suitable Living Environment	Enhance Suitable Living Environment through Improved Accessibility	Enhance Suitable Living Environment through Improved or New Affordability	Enhance Suitable Living Environment through Improved or New Sustainability
Objective 2: Decent Housing	Create Decent Housing with Improved or New Availability	Create Decent Housing with Improved or New Affordability	Create Decent Housing With Improved or New Sustainability
Objective 3: Economic Opportunities	Provide Economic Opportunity through Improved or New Accessibility	Provide Economic Opportunity through Improved or New Affordability	Provide Economic Opportunity through Improved or New Sustainability

The **ESG** program anticipates that its activities will meet Objective 1: Suitable Living Environment and Outcome 1: Availability and Accessibility: "Enhance Suitable Living Environment through Improved Accessibility".

APPENDIX A - PUBLIC REVIEW PROCESS

(This is a copy of the Citizen Participation Plan used for the plan year ended March 31, 2006)

MONTANA'S HOUSING AND COMMUNITY DEVELOPMENT CITIZEN PARTICIPATION PLAN (April 1, 2005 - March 31, 2006)

INTRODUCTION

The U.S. Department of Housing and Urban Development (HUD) consolidated several formula grant programs in 1994. The programs include the Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), Emergency Shelter Grant (ESG), and Housing Opportunities for People with AIDS (HOPWA) Programs. The first three programs are currently utilized in Montana and are covered by the Consolidated Plan.

While not directly covered by the Consolidated Plan, the state is the recipient of a three-year HOPWA Grant, covering Montana and North and South Dakota, funded through a competitive grant. Administered by the Intergovernmental Human Services Bureau of the Department of Public Health & Human Services (DPHHS), the program is funded with a \$1.3 million, three-state (Montana, North Dakota, and South Dakota) grant award announced by HUD in December 2001. The funds are part of \$6 million in competitively awarded grants for housing, services and technical assistance, primarily for new programs in rural areas that do not qualify for federal block grant funding.

The Consolidated Plan brings together the planning, application, reporting, and citizen participation components for the three formula programs. The purpose of this narrative is to present the Citizen Participation Plan prepared by the Montana Department of Commerce (MDOC), Housing Division, a fundamental piece of the consolidated planning process.

The objectives of the Plan are to ensure that the citizens of Montana, particularly persons of low- and moderate-income, low-income households living in slum and blight areas, units of local government, public housing agencies, and other interested parties are provided the opportunity to and are encouraged to participate in the planning and preparation of the Five-Year Consolidated Plan and Annual Action Plan, including amendments to the Plan, and the Annual Performance Report. In doing so, this narrative lays out the general guidelines around which the Consolidated Plan will be developed, sets dates and milestones along which the process will proceed, and outlines methods for citizens to guide and assist the State in formulating the Plan.

THE CONSOLIDATED PLAN

The Consolidated Plan combines the planning, application, public involvement, and reporting requirements of the formula grant programs into one complete process. It promotes unifying opportunities for units of local government, the State, and others, thus laying the foundation for development of cohesive, attractive, safe, and economically vibrant communities. The consolidated planning process encourages all citizens, especially low-income residents, to take part in shaping their own future.

The Consolidated Plan will provide the following information to citizens, public agencies, and other interested parties: the amount of assistance the jurisdiction expects to receive; range of activities that may be undertaken; and the general program activities that will be planned in addressing the priority needs outlined in the plan. The plan also presents details on analysis and evaluation of priority needs statewide, as well as policies related to the provision of affordable housing and community development. The Plan offers certifications that statutory guidelines have been followed.

THE PLANNING PROCESS

The Consolidated Plan is developed through public input solicited at meetings throughout the State. Some meetings occur before development of the draft report, thereby collecting distinct issue input and aiding policy formation. Others will be held after releasing the draft report, allowing interested parties an opportunity to review how the strategy has been designed and presented. These meetings will be scheduled at times and locations that will encourage broad citizen participation. To encourage participation by as many groups and individuals as possible, meetings may be held in the evening or during the lunch hour. The scheduling caters to citizens and organizations whose primary job may not be directly related to creating such a Plan. Evening and lunch-time public participation meetings are intended to solicit the input of low- and moderate-income residents who may be unable to attend daytime meetings due to work conflicts. A METNet videoconference meeting will be held during normal



business hours. The METNet meeting is also open to the public and offers additional opportunities for participation in the development of the Consolidated Plan to units of local government and other organizational representatives. Meetings may also be held in conjunction with other scheduled meetings, workshops, or conferences being held by the Housing Division and other organizations.

All citizens are encouraged to participate, including minorities and non-English speaking persons, as well as persons with disabilities. Upon request, the State will make all necessary accommodations to further the participation of these individuals. All public meetings are held in facilities that are accessible to persons with disabilities. HUD's formula programs, alone and with other HUD-funded programs, have three basic goals pertinent to the Consolidated Plan: to provide decent housing; to provide a suitable living environment; and to expand economic opportunities. Providing decent housing

may involve increasing the availability of permanent affordable housing for low-income households (without discrimination), assisting homeless people in obtaining appropriate housing, maintaining the affordable housing stock, and increasing supportive housing to assist persons with special needs. Providing a suitable living environment means improving the safety and livability of neighborhoods; deconcentrating housing opportunities and revitalizing neighborhoods; restoring and preserving natural and physical features with historic, architectural, and aesthetic value; and conserving energy resources. To expand economic opportunities, the comprehensive approach emphasizes the creation of accessible jobs, access to credit for community development, and assistance to low-income persons to achieve self-sufficiency in federally assisted and public housing.

Within our society, the complexity of development problems has risen significantly. Assessing and solving the difficulties has outgrown what is offered by narrow, functional programs. Montana's priority need problems demand links between human, economic, physical, environmental, and design concerns to build communities of opportunity. In order to gain this comprehension of development complexities, the consolidated planning process must collect the knowledge that exists in the community from citizens, local governments, private business, community-based organizations, and universities.

PUBLIC INPUT TO THE PLAN

Several opportunities for citizen input will be encouraged and provided during the development of the draft Five-Year Consolidated Plan for April 2005 through March 2010 and the draft Annual Action Plan for April 2005 through March 2006. A notice will be sent to local governments, public agencies, member organizations, and citizens throughout Montana encouraging participation in the Consolidated Planning process. A minimum of four public input meetings will be held for the express purpose of receiving comments on housing and community development needs before the release of the Consolidated Plan. Notification of the meetings will consist of, but is not limited to:

- posting dates, times and locations on the *Discovering Montana* Calendar of Events at: <http://app.discoveringmontana.com/webapps/cal/event>;
- posting dates, times and locations of the public meetings on the MDOC Housing Consolidated Plan website at: http://housing.mt.gov/Hous_CP.asp;
- publishing display ads in newspapers in and around location towns;
- sending personal invitation letters to public officials and other interested parties in and around location towns using the Consolidated Plan mailing list.

Staff from the Community Development Division and the Housing Division may provide an opportunity for citizen participation at yearly conventions for the Montana Association of Counties and the League of Cities and Towns, time and budgets permitting. Staff will also attend other conferences and meetings that are held throughout the state that provide a forum for additional public input on the Consolidated Plan.

The need for updated or additional information will be assessed to determine if further analysis is needed. If warranted, the new or updated information will be incorporated into current resource documents for use by applicants to the CDBG, HOME, and ESG programs.

The Annual Performance Report, for the program year covering April 1 through March 31, will be released to the public for review and comment. This report evaluates program activities performed during the program year. The public will be given an opportunity to examine the contents of the report for a minimum of 15 days.

PUBLIC COMMENT ON THE DRAFT PLAN

After the drafts of the Five-Year Consolidated Plan for the year ending March 2010 and the Annual Action Plan for the year ending March 31, 2006 are released in the fall, the Plans will be available for public review and comment for a minimum of 30 days. The public will be notified through public notices printed in newspapers of general circulation. The newspaper notices will summarize the contents and purpose of the Plan and contain a list of places where the full document is available. The phone number, including the TDD number, and address of the Housing Division, MDOC, will be included to assist those persons otherwise unable to locate complete copies of the draft Five-Year Consolidated Plan and Annual Action Plan. An Executive Summary, including information on how to obtain the full documents, will be sent to all individuals, organizations, and agencies on the Consolidated Plan mailing list. The Internet will be used as a ready access to the Consolidated Plan documents.



A minimum of two public review meetings on the draft Five-Year Consolidated Plan for the year ending March 2010, and draft Annual Action Plan for the year ending March 31, 2006 will be held. Technical assistance will be available to groups representing persons of very low- and low- income who request such assistance in developing proposals for funding assistance under programs covered by the Consolidated Plan. The level and type of assistance that is appropriate will be determined by MDOC based on ability to provide or arrange for such assistance, the cost of providing assistance, and other relevant factors.

RELEASE OF THE CONSOLIDATED PLAN

Citizens, public agencies, and other interested parties will be notified of the availability of the Five-Year Consolidated Plan and Annual Action Plan as adopted, amendments to the Plan, and the Annual Performance Report. Citizens will be given the opportunity to examine the contents of these reports for a minimum of 30 days for the Five-Year and Annual Action Plans and 15 days for the Annual Performance Report.

When practicable, written complaints regarding the Consolidated Plan, plan amendments, and Annual Performance Report will be responded to within 15 working days. A suitable response to those received by December 15, 2004 will be made by December 31. For those who wish to lodge a complaint about any of the documents, a letter is to be submitted to Leslie Edgcomb, Consolidated Plan Coordinator, Montana Department of Commerce, P.O. Box 200545, Helena, Montana 59620-0545.

OTHER CITIZEN PARTICIPATION

Citizen participation responsibilities are also placed on program applicants and recipients at the local level. Applicants must provide citizens, especially low and moderate-income residents, adequate notice and opportunity for meaningful involvement in the planning and development of applications. All hearings must be held at times and locations convenient to potential beneficiaries and in facilities that are physically accessible for persons with disabilities.



CDBG Program Requirements:

Unless re-applying for the same CDBG project submitted unsuccessfully in the previous year, the applicant must hold a minimum of two public hearings; one before preparing the application and one before passage of a resolution by the governing body authorizing the submission of the application. The first public hearing should be held not more than twelve months before the date of application. The second public hearing should be held not more than three months before the date of application. A record of the required hearings must be submitted with the application for CDBG funds, along with copies of the public notices for the hearings or affidavits of publication for the notices. A verbatim record is not necessary; a list of the names of persons who attended and a summary of comments by local officials and citizens is sufficient.

Applicants reapplying for the same project submitted unsuccessfully in the previous year must hold at least one public hearing before passage of a resolution by the governing body authorizing the submission of the application. The public hearing should be held not more than three months before the date of application.

The purpose of the first hearing is to give citizens an opportunity to identify and discuss their community's overall community development and housing needs and priorities, including the needs of low-and moderate-income persons, and to propose possible projects before the local government makes a decision regarding what project it will seek CDBG assistance for. The first hearing should also cover the estimated amount of state CDBG funds available and provide a description of the activities eligible for CDBG assistance.

The purpose of the second hearing is to give citizens and other potential beneficiaries (especially low-and moderate-income persons) or residents of the proposed project

area adequate opportunity to consider the potential impacts and benefits of the community's proposed project and to comment on it before it is submitted.

HOME Program Requirements:

HOME Program applicants must provide citizens adequate notice and opportunity for involvement in the planning and development of HOME applications. Applicants must:

- Hold a minimum of one public hearing or meeting before submission of the application. The purpose of the public hearing or meeting is to solicit public comment on community housing needs and priorities and to discuss the HOME program as a potential source of funding. A public hearing gives citizens and potential beneficiaries of the proposed project adequate opportunity to review and comment on the community's HOME application before it is submitted. The Applicant should give due consideration to all comments before the determination of a proposed project. The public hearing must be held within two months of the deadline date of application.
- Submit a record of any public hearings or meetings and copies of the public notices for the hearings or affidavits of publication for the notices, held in relation to the application for HOME funds. A verbatim record is not necessary; the names of persons who attended and a summary of comments by local officials and citizens are sufficient.

ESG Program requirements: Prior citizen participation is not required.

AMENDING THE CONSOLIDATED PLAN

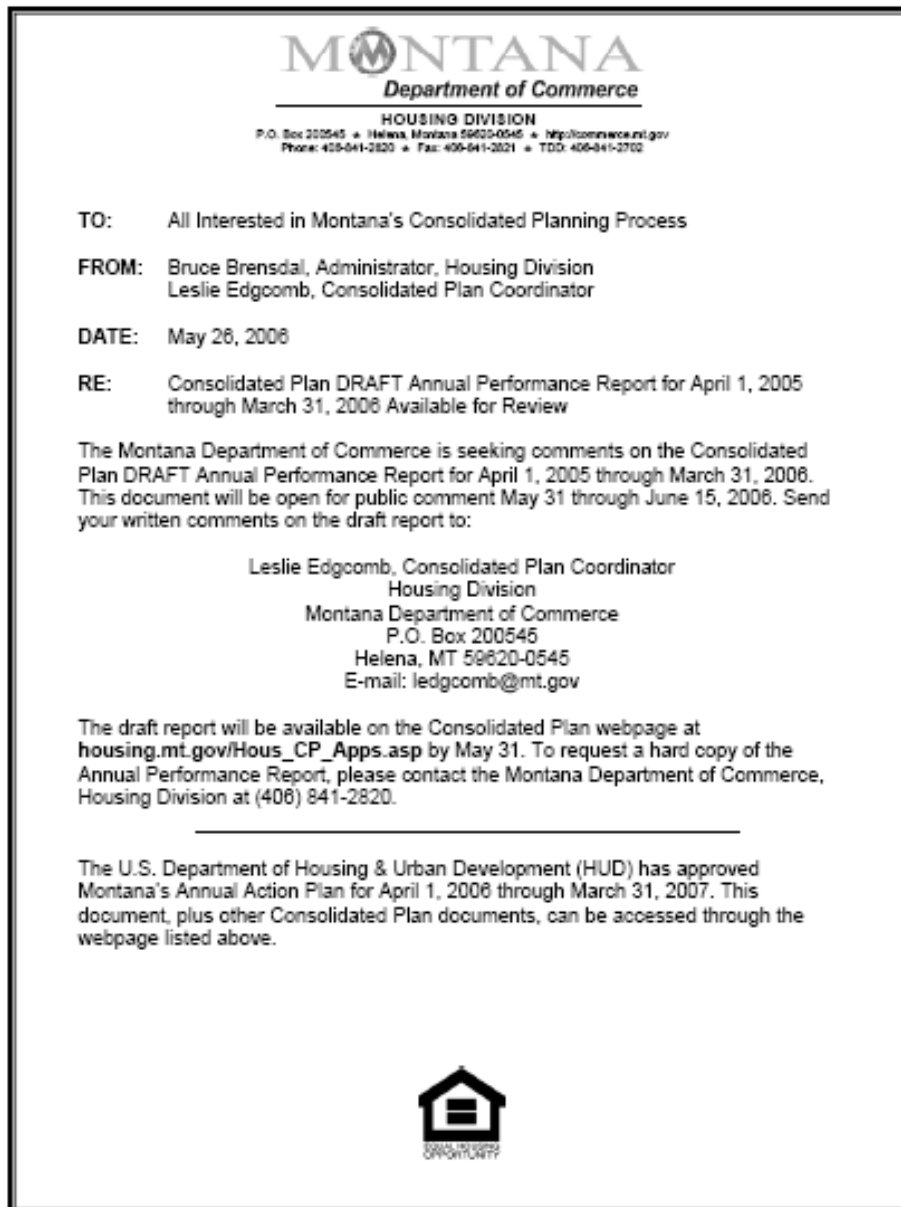
Possible amendments include changes in use of funds from one eligible activity to another, changes in the method of distribution of such funds, new activities, or alteration of the existing activities or budget. MDOC will make a determination as to whether the change is substantial enough to necessitate issuing an amendment to the Plan. If so, MDOC will conduct a public review process with a minimum of one public review meeting and following the guidelines set forth above, present the amendment to the public for their review and comment. Other specific issues related to individual program guidelines are to be presented in the respective program application guidelines.

We make every effort to ensure our documents are fully accessible to persons with disabilities. Alternative accessible formats of this document will be provided upon request. Please contact the Montana Department of Commerce at 406-841-2820 or TDD 406-841-2702

APPENDIX B - SUMMARY OF PUBLIC COMMENTS

CITIZEN INVOLVEMENT

A flyer was mailed to the public announcing the availability of the Draft Annual Performance Report. The flyer was sent to the Consolidated Plan mailing list, which includes approximately 740 interested persons, organizations, and local governments.



In addition, the following display ad, announcing the availability of the Draft Performance Report, ran in seven major newspapers (Billings, Bozeman, Butte, Great Falls, Helena, Kalispell and Missoula) around the state on May 30, 2006:

Montana Department of Commerce



**Consolidated Plan DRAFT Annual Performance Report for 4/1/2005 - 3/31/2006
Available for Public Review**

The Montana Department of Commerce is seeking comments on the Consolidated Plan DRAFT Annual Performance Report for 4/1/2005 through 3/31/2006. This document will be open for public comment May 31, 2006 through June 15, 2006. Send your written comments on the draft report to:

Leslie Edgcomb, Consolidated Plan Coordinator
Housing Division
MT Dept of Commerce
P.O. Box 200545
Helena, MT 59620-0545

The draft report will be available by May 31, 2006 on the Consolidated Plan Web page, housing.mt.gov/Hous_CP.asp. A limited number of printed copies will also be available by contacting the Department at (406) 841-2820.

The information was also posted on the Consolidated Plan website:

http://housing.mt.gov/Hous_CP_CurrentEvents.asp

The screenshot shows the Montana Department of Commerce website. The header includes the 'mt.gov' logo and a navigation bar with links: Commerce Home, Business, Community, Housing, Tourism, Finance, Census, Calendar, and Search. The main content area is titled 'Consolidated Plan' and 'Current Events & Announcements'. It features a section for the 'DRAFT Annual Performance Report' for April 1, 2005 through March 31, 2006, which is available for public comment through June 15, 2006. A green arrow points to the link for this report. Below this, there is a section for the 'Annual Action Plan' for April 1, 2006 through March 31, 2007, approved by HUD. The sidebar on the left contains links to various programs and boards, including the Montana Board of Housing, Homeownership Programs, Multifamily Programs, Reverse Annuity, Mortgages (RAM), Accounting & Financial Information, Housing Assistance Bureau, Section 8, Tenant Based Section 8, Project Based Section 8, HOME Investment Partnerships Program, Consolidated Plan, Housing Resources, and About Housing Division.

CITIZEN AND AGENCY COMMENTS

No comments were received concerning the draft Annual Performance Report for April 1, 2005 through March 31, 2006 during the comment period, which ended on June 15, 2006.

PART III – MONTANA STATE SUMMARY OF CONSOLIDATED PLAN PROJECTS FOR REPORT YEAR 2005

IDIS – CO4PR06
(Available upon request)

APRIL 1, 2005 TO MARCH 31, 2006

Report to HUD

PART IV – HOME ANNUAL PERFORMANCE REPORT

form HUD-40107
HOME Match Report – form HUD-40107-A
FHEO 504 Review
FHEO HOME Review
(Available upon request)

IDIS-CO4PR22
IDIS-CO4PR25
IDIS-CO4PR27
IDIS-CO4PR33
(Available upon request)

APRIL 1, 2005 TO MARCH 31, 2006

REPORT TO HUD

PART V - CDBG ANNUAL PERFORMANCE REPORTS

**P.E.R.
FFY 1995 – 2005**
(Available upon request)

and

**IDIS – CO4PR26
Program Year 2004**
(Available upon request)

APRIL 1, 2005 TO MARCH 31, 2006

REPORT TO HUD

PART VI - ESG ANNUAL PERFORMANCE REPORT

APRIL 1, 2005 TO MARCH 31, 2006

FINAL REPORT TO HUD

EMERGENCY SHELTER GRANT (ESG)

ESG grants distributed to HRDCs throughout Montana supported shelters across the state, as well as direct services from HRDCs to ESG recipients. Actual funding received and used matched the funds anticipated. Five percent of the funds were used to administer the program. The table below presents the distribution of funds for each HRDC.

FFY 2005 HUD EMERGENCY SHELTER GRANTS PROGRAM PERCENT DISTRIBUTION BY HRDC

Eligible Activities	AEM	DIST IV	Opp., Inc.	DIST VI	DIST VII	RMDC	DIST IX	NWMT	DIST XI	DIST XII
Essential Services	11,291	3,955	15,291	3,300	18,879	4,321	9,885	16,674	10,000	
Shelter Maintenance	19,845	9,228	20,390		25,171	20,868	13,180	24,071	31,138	29,038
Homeless Prevention	6,500	0	15,291	7,109	18,879	0	9,886	14,835	15,000	
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Jim Nolan, ESG Program Manager

The Emergency Shelter Grant Financial Status Report information for the period 05/01/2004 – 04/30/2005 is available through the IDIS tracking system. The information will be available June 30, 2006.